HEALTH SERVICES AND DEVELOPMENT AGENCY
FEBRUARY 25, 2015
APPLICATION SUMMARY

NAME OF PROJECT: Southern Hills Surgery Center

PROJECT NUMBER: CN1411-047

ADDRESS: NE Corner of Intersection of Old Hickory Boulevard and American General Way
Brentwood (Davidson County), Tennessee 37250

LEGAL OWNER: Surgicare of Southern Hills, Inc.
c/o Southern Hills Medical Center
391 Wallace Road
Nashville (Davidson County), Tennessee 37211

OPERATING ENTITY: N/A

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: November 14, 2014

PROJECT COST: $ 17,357,832

FINANCING: Cash Reserves

PURPOSE OF REVIEW: Relocation and replacement of an existing Ambulatory Surgical Treatment Center (ASTC)

DESCRIPTION:

Southern Hills Surgery Center is seeking approval for the relocation of an existing inactive multi-specialty ambulatory surgical treatment center (ASTC) located at 360 Wallace Road, Nashville (Davidson County) TN to 18,109 SF of newly constructed leased space located at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN. The proposed relocation site is 5.5 miles southwest of the existing ASTC. There will be no change in the existing surgical complement of three operating rooms and two procedure rooms.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

2. **For relocation or replacement of an existing licensed health care institution:**
   a. **The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

      The applicant points out that renovation at the current location is not feasible because the building footprint cannot be expanded to increase surgical rooms, recovery and support space to current design and licensure standards. By relocating, the applicant will lease from another wholly owned HCA subsidiary, which will recapture large lease payments within the applicant's own organization.

      It appears that the application will meet this criterion.

   b. **The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

      Fourteen physicians have provided letters supporting the proposed relocation. The applicant projects 3,170 surgical cases during the first year of operation and 3,602 surgical cases in Year 2.

      It appears that the application will meet this criterion.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Southern Hills Surgery Center proposes to relocate and re-open its existing inactive ambulatory surgical treatment center 5.5 southwest of its current location. It proposes to move from leased space on Wallace Road on the Tri-Star Southern Hills Medical Center campus to leased space owned by another HCA subsidiary. The proposed site is located on a 53-acre tract of land acquired from AIG that includes several large office buildings. It was acquired in 2014 by HCA subsidiary, Southpoint, LLC. A 14 acre wooded section is available for immediate development. The facility will be located on 3.5 acres of the tract on the east side of American Way, bordered by Old Hickory Boulevard. There will be no change in the number of operating and procedure rooms. The service area of Davidson, Rutherford, and Williamson Counties will remain unchanged as well.

In March, the Agency will consider another HCA project on this same 53-acre tract. The applicant's affiliate, HCA Health Services of Tennessee, Inc. filed an application (Tri-Star Southern Hill Medical Center, CN1412-050) for the establishment of an eight-treatment room satellite emergency department, which will be operated under TriStar Southern Hills Medical Center's 126-bed acute care hospital license. Also heard simultaneously with the Tri-Star Southern Hills ED application will be a similar application for Saint Thomas Hospital, CN1412-049, approximately 1.5 miles from this location.

The existing surgery center has been inactive since 2008. In the supplemental response, the applicant provided the following reasons for the inactive status:

- The depressed economy in 2008 resulted in fewer elective surgeries being requested which resulted in excessive surgical capacity available at both the surgery center and the hospital.
- The active medical staff had fewer surgeons then (20) compared with now (39, including 7 neurosurgeons).
- The hospital had sufficient surgical capacity to absorb the surgery center caseload, so the ASTC operation was suspended.

A public bus line currently provides services to the proposed ASTC site. In addition, TennCare will provide transportation services for TennCare covered services.

If approved, the facility is projected to open at the new location on October 1, 2016. The current site, which is being utilized by the hospital for endoscopies, will simultaneously close and endoscopies will return to the hospital campus.

An overview of the project is provided on pages 5-6 of the original application. The table below provides a brief history of this facility.

History

Date	Event
June 23, 2004	Southern Hills Surgery Center, LP (CN0403-025A) was approved for the development of a new ambulatory surgical treatment center (ASTC) to be located in a medical office building being constructed on a 3.1 acre tract on the East Campus of Southern Hills (several blocks to the northeast of the hospital campus).
February 23, 2005	Southern Hills Surgery Center, LP (CN412-110A) was approved for a change of site of the previously approved, but unimplemented CN0403-025A, to a new location approximately 250 yards to the northeast of the main entrance of the hospital. This new site was available due to the relocation of a surgery center (Smyrna Physicians Pavilion Surgery Center, CN0307-050A) to Smyrna (Rutherford County), TN.
July 26, 2005	Surgery center opens.
November 5, 2008	Cessation of outpatient surgical cases
January 4, 2010	Southern Hills Surgery Center, LP (51% owned by Surgicare of Southern Hills, Inc. and 49% owned by surgeons on medical staff of Southern Hills Medical Center) dissolves.
July 9, 2010	Surgicare of Southern Hills, Inc. becomes the sole owner of Southern Hills Surgery Center.
February 28, 2011	Hospital begins utilizing surgery center space for endoscopic surgeries.

Source: CN1411-047 and Tennessee Department of Health

Ownership

- Southern Hills Surgery Center, Inc. is 100 percent owned by HCA Inc., whose parent organization is (through several corporate entities) HCA, Holdings Inc.
- HCA Inc. operates 14 hospitals and several surgery and imaging centers in Tennessee. An organizational chart is enclosed in Attachment A.4.
- The applicant intends to syndicate the ASTC with physicians at the new location with the applicant maintaining majority control (at least 51%).
- If the ASTC is syndicated, the most likely management entity to manage Southern Hills Surgery Center will be HCA's wholly owned Medical Care America.

Facility Information

- The total square footage of the proposed one-story project is 18,109 square feet. A floor plan drawing is included in Attachment B.IV.—Floor Plan.
- The proposed ASTC will contain three operating rooms, two procedure rooms, 13 pre-op, five post-op/recovery stations and shelled space for a future operating room.
- It will also contain a nursing station, sterile and soiled work areas, equipment storage, linen rooms, staff lounge, administration and business offices, reception and waiting area with a pediatric playroom, consulting offices, and staff showers and lockers.
- Operating hours at the new site will be 8:00 a.m. to 4:00 p.m., Monday-Friday.
- Existing operating rooms average 318 SF, which is below current licensure standard of 400 SF.
- New ORs will be 415 SF, which is an increase of 30.5%.

The table below compares the square footage in the existing facility to the proposed facility:

Existing and Proposed OR/PR Square Footage

Location	OR #1 SF	OR #2 SF	OR#3 SF	PR #1 SF	PR #2 SF	**Licensure Standard (OR)**	**Licensure Standard (PR)**
360 Wallace Road, Nashville, TN	318	317	321	319	237	**400 SF**	**150 SF**
Proposed Location	415	415	415	237	237		

Source: CN1411-047

Project Need

The rationale for the relocation includes:

- More efficient design-Expand operating rooms, pre- and post-op/recovery spaces and other changes as detailed on page 6 to meet current design and licensure requirements and AIA guidelines.
- Recapture lease payments within their own organization. The facility is currently liable for monthly lease payments of $30,000 to an unrelated third party lessor. The relocation would permit it to recapture those monthly payments by leasing from HCA affiliate, Southpoint LLC.
- Offer services at a lower cost by moving several thousand surgical cases from the hospital to the surgery center because surgery centers are often reimbursed at 40% less than hospitals for the same surgical case.

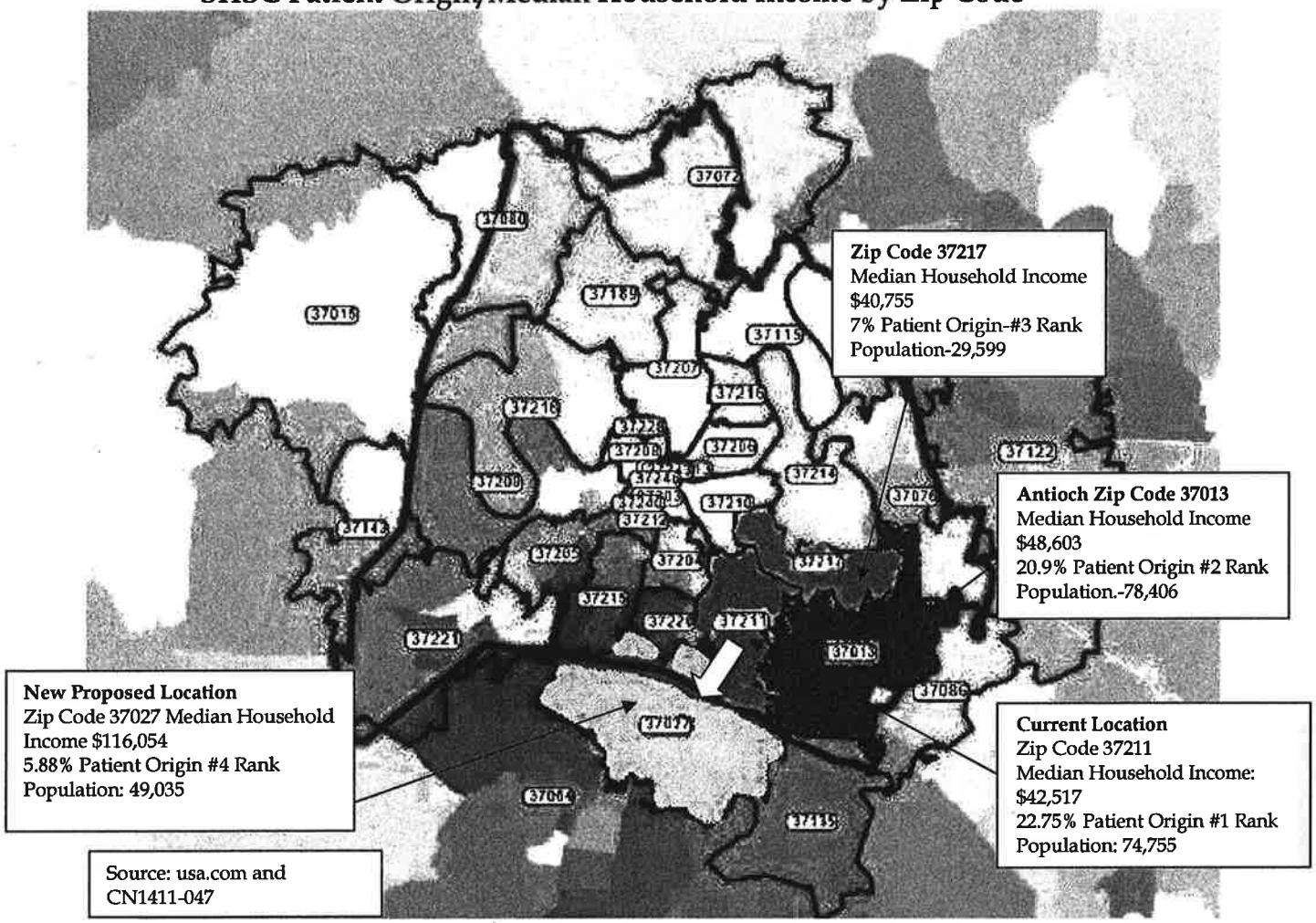
- Not specifically addressed but implied is that the new site will be more attractive to physicians who will be potential investors if the surgery center is syndicated

Service Area Demographics

Southern Hills Surgery Center's declared service area is Davidson, Rutherford, and Williamson Counties.

- The total population of the service area is estimated at 1,152,890 residents in calendar year 2014 increasing by approximately 7.1% to 1,235,109 residents in 2018.
- The overall statewide population is projected to grow by 3.7% from 2014 to 2018.
- The 2014 percentage of the service area population enrolled in the TennCare program is approximately 14.9%, as compared to the statewide enrollment proportion of 18.8%.
- Davidson County had an 18.9% TennCare enrollment, Rutherford 13.2% and Williamson reflected the lowest proportion of total population enrolled in TennCare at 4.5%.

SHSC Patient Origin/Median Household Income by Zip Code



The preceding map of the Southern Hills Surgery Center Patient Origin/Median Household map reflects the following:

- The applicant is proposing to move 5.5 miles southwest from Zip Codes 37217, 37013, and 37211 with median household incomes of $40,755, $48,603, and $42,517 to Zip Code 37027 with a Median Household Income of $116,054.
- According to Southern Hills Surgery Center's 2007 Patient Origin by Zip Code in Supplemental One, approximately 51% of the applicant's patients reside in Zip Codes 37211, 37013, and 37217.
- In 2007, just under 6% of the surgery center's patients resided in Zip Code 37027.
- Based on the US Census 2010 Data, Zip Code 37013 had a population of 78,406, Zip Code 37211-74,755 residents, and Zip Code 37027-49,035 residents.

Southern Hills Surgery Center
Demographic Characteristics of the 4 Top Zip Codes of Patient Origin

	Zip Code of New Proposed Location	Applicant is moving 5.5 miles SW from these 3 Zip Codes (51% Patient Origin)			
		Current Location			
	37027	37211	37013	37217	Tennessee
Applicant's Patient Origin	*5.9%	*22.8%	*21%	*7%	N/A
Population	49,035	74,755	78,406	29,599	6,346,105
Population Growth since 2000	37.17%	15.45%	52.7%	4.62%	11.54%
Population Density/Sq. mile	890	3,498	1,727	1,857	151
Median Household Income	$116,054	$42,517	$48,603	$40,755	$44,140
Median Home Price	$446,800	$163,400	$146,900	$131,500	$138,700
Population in Poverty	1,362 (2.75%)	17,434 (23.9%)	10,152 (12.75%)	6,090 (21%)	1,069,017 (17.3%)
White	43,771 (89%)	45,496 (60.1%)	37,376 (47.7%)	16,277 (55%)	4,921,948 (77.6%)
Black	43,771 (3.6%)	13,863 (18.5%)	27,740 (35.4%)	8,154 (27.6%)	1,057,315 (16.7%)
Hispanic	1,095 (2.23%)	15,956 (21.3%)	13,812 (17.6%)	6,038 (20.4%)	290,059 (4.57%)
Asian	2,479 (5.1%)	4,162 (5.57%)	3,120 (4%)	642 (2.8%)	91,242 (1.44%)

Source: usa.com **Patient Origin from 2007 Data*

Historical and Projected Utilization

The utilization table below reflects the following:

- There was a 5.5% increase in surgical cases at Southern Hills Medical Center from 3,611 in 2007 to 3,810 in 2014.
- The applicant projects an increase of 13.6% in cases from 3,170 in Year 1 (2017) to 3,602 in Year 2 (2018).
- In Year Two (2018) of the proposed project Southern Hills Medical Center will operate at 505 surgical cases per room, while Southern Hills Surgery Center will be operating at 720 surgical cases per room.

Actual and Projected Surgical Utilization: 2007-2017
Southern Hills Medical Center and Southern Hills Surgery Center

		2007	2008	2009	2010	2011	2012	2013	2014	2017 Year 1	2018 Year 2
Hospital	#ORs	9	9	9	9	9	9	9	8	8	8
	#PRs	1	1	1	1	1	1	1	1	1	1
	Cases	3,611	3,544	3,741	3,332	3,158	3,459	3,608	3,810	3,974	4,549
	Inpatient	1,312	1,247	1,133	970	883	1,170	1,217	1,391	1,564	1,627
	Outpatient	2,299	2,297	2,608	2,362	2,275	2,289	2,391	2,419	2,410	2,922
	Cases/room	361	354	374	333	316	346	361	423	442	505
ASTC	#ORs	3	3	3	3	3	3	3	3	3	3
	#PRs	2	2	2	2	2	2	2	2	2	2
	Cases	2,519	1,390	0	0	*2,206	*2,351	*2,459	*2,429	3,170	3,602
	Cases/room	504	556	0	0	441	470	492	486	634	720

Source: SHMC Internal Records
**ASTC utilization for the Years 2011-2014 represented endoscopic surgeries performed as a department of Southern Hills Medical Center in the ASTC space vacated by Southern Hills Surgery Center.*

According to the Department of Health, of the thirty-four (34) licensed ASTCs in 2013 in the defined service area, twenty-three (23) facilities are single-specialty ASTCs and eleven (11) multi-specialty ASTCs.

3 County Service Area Patient Utilization
2009-2012 (Duplicated)

County	**ASTC	2011			2012			2013			% change 11'-13'
		Oper. Rms/	Proc. Rms	Cases	Oper. Rms/	Proc. Rms	Cases	Oper. Rms/	Proc. Rms	Cases	
Davidson	Single-Specialty	12	30	41,056	12	30	40,620	12	31	39,749	-3.2%
	Multi-specialty	43	9	47,762	46	9	46,068	46	9	45,985	-3.7%
	Total	55	39	**88,818**	**58**	**39**	**86,688**	**58**	**40**	**85,734**	**-3.5%**
Rutherford	Single-Specialty	1	2	268	1	2	1,190	1	2	1,688	+529%
	Multi-specialty	14	5	16,895	13	5	17,338	13	5	18,105	+7.2%
	Total	15	7	**17,163**	**14**	**7**	**18,528**	**14**	**7**	**19,793**	**+15.3%**
Williamson	Single-Specialty	0	3	2,802	0	4	2,962	2	4	2,971	+6%
	Multi-specialty	9	2	9,911	5	1	7,292	5	1	7,780	*-21.5%
	Total	9	4	**12,713**	**5**	**5**	**10,254**	**7**	**5**	**10,751**	**-15.4%**
Service Area	**Single-Specialty**	**13**	**35**	**44,126**	**13**	**36**	**44,772**	**15**	**37**	**44,408**	**+0.6**
	Multi-specialty	**66**	**16**	**74,568**	**64**	**15**	**70,698**	**64**	**15**	**71,870**	**-3.6%**
	Grand Total	**79**	**51**	**118,694**	**77**	**51**	**115,470**	**79**	**52**	**116,278**	**-2.0%**

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports
**Williamson Surgery Center closed in 2011 (4 ORs, 1 Procedure room/, 3,410 cases in 2011) and became part of Williamson Medical Center.*
Source: 2011-2013 ASTC JARs
***ASTC JARs do not report patients by OR or Procedure room*

The above utilization table reflects the following:

- Overall, the three county proposed service area experienced a 2% decrease in surgical cases from 118,694 in 2011 to 116,278 in 2013.
- Single-Specialty ASTCs experienced a 0.6% increase in volume from 44,126 cases in 2011 to 44,408 cases in 2013. In comparison, Multi-Specialty ASTCs experienced a 3.6% decrease from 74,568 cases in 2011 to 71,870 cases in 2013.
- ASTCs located in Rutherford County experienced a 15.3% increase in total surgical cases from 17,163 in 2011 to 19,793 in 2013.
- Single-Specialty ASTC's located in Williamson County outpaced multi-specialty ASTCs with an increase of 6% in surgical cases from 2011 to 2013 versus a decrease of 21.5% for multi-specialty ASTCs.
- ASTCs located in Davidson County accounted for 74% of the three county ASTC surgical volume and experienced a decrease in surgical cases of 3.5% from 2011 to 2013.

Southern Hills Medical Center
Surgical Capacity Analysis-2013

CY2013	No. of Rooms	Procedures	Procedures / Room	Minutes Used	Average Turnaround Time	Total Room Minutes Used	Schedulable minutes*	% of Schedulable Time Used
Operating Rooms	8**	3,335	417	436,314	110,055 (33)	546,369	960,000	57%
Endoscopy Procedure Rooms	3***	2,429	810	71,172	36,435 (15)	107,607	360,000	30%
Subtotal	11	5,764	524	507,486	146,490	653,976	1,320,000	50%
Cystoscopy Rooms	1	273	273	13,632	9,009 (33)	22,641	120,000	19%
Total Surgical Suite	**12**	**6,037**	**503**	**521,118**	**155,499**	**676,617**	**1,440,000**	**47%**

** defined as the summation of the minutes by each room available for scheduled cases, applicant based surgical room capacity on 8 hours per day per room , 250 days per year which represent 120,000 minutes.*

***The hospital JAR reports nine O.R.s and one cystoscopy room, but one O.R. is not schedulable due to being too long and narrow to accommodate the surgical rooms and their equipment.*

****The three endoscopy rooms are located in the ASTC building.*

The above utilization table reflects the following:

- The eight operating rooms located at Southern Hills Medical Center operated at 57% capacity in 2013.
- Endoscopy procedures performed by Southern Hills Medical Center in the Southern Hills Surgery Center's (ASTC) three procedure rooms operated at 30% of available scheduled time.

- The endoscopy procedures performed by Southern Hills Medical Center in the Southern Hills Surgery Center's (ASTC) represented 40% of the overall procedures performed by Southern Hills Medical Center in 2013 (2,429/6,037).
- Overall, the total percentage of schedule time used by Southern Hills Medical Center for surgical procedures in 2013 equaled 47%.

Projected Specialty Mix (Year One)

The expected physician specialty mix in Year 1 for Southern Hills Surgery Center is reflected in the following chart.

Southern Hills Surgery Center Specialty Mix
Year One

Specialty	Patients	Percent Patient
Ophthalmology (non cataract)	370	11.7 %
ENT	282	8.9%
General Surgery	1,584	50%
Gynecology	88	2.8%
Spine	327	10.3%
Orthopedics	105	3.3%
Pain Management	264	8.3%
Plastics	150	4.7%
Total	**3,170**	**100.0%**

Source: CN1411-047

- General Surgery patients will total 1,584 patients, or 50% of all surgeries that will be provided in Year 1.
- The next largest specialty utilizations are Ophthalmology (11.7%) and Spine (10.3%).
- The top five specialties: General Surgery, Ophthalmology, Spine, ENT, and Pain Management account for over 89% of the surgical utilization at the applicant ASTC.

Project Cost

Major costs are:

- Construction, $4,074,525 or 23.5% of total cost
- Facility Lease for building and site cost, $8,075,220, or 46.5% of the total cost.
- An affiliated HCA company, Southpoint LLC, will construct and lease a shelled building to the applicant. Surgicenter of Southern Hills, Inc. will lease, finish out, and equip the building.

- $9,282,612 is the actual capital costs for the applicant, and $5,575,220 is the actual capital cost for the development for the building development.
- For other details on Project Cost, see the Project Cost Chart on page 39 of the application.

Note to Agency members: The applicant used the value of the building-$5,575,220 and land value-$2,500,000, which totaled $8,075,220, which was greater than leases cost of $5,812,783, to determine the amount to allocate for the building in the Project Costs Chart. Agency Rule 0720-9-.01(4) (c) states "……In the case of a lease, the cost is the fair market value of the lease or the total amount of the lease payment, whichever is greater."

The total construction cost for the proposed ASTC is $360 per square foot. As reflected in the table below, the total construction cost is above the 3rd quartile of $223.62 per square foot of statewide ASTC construction projects from 2011 to 2013. In the supplemental response, the applicant indicates the higher construction cost is attributed to increasing costs and very high design standards.

Statewide
ASTC Construction Cost per Square Foot
Years 2011-2013

	Renovated Construction	New Construction	Total Construction
1st Quartile	$95.04/sq. ft.	$174.88/sq. ft.	$113.55/sq. ft.
Median	$113.55/sq. ft.	$223.62/sq. ft.	$162/sq. ft.
3rd Quartile	$150/sq. ft.	$269.76/sq. ft.	$223.62/sq. ft.

Please refer to the square footage and cost per square footage chart on page 000011 of the original application for more details.

Financing

- The source of funding for the project is identified as a cash transfer from the applicant's parent (HCA Holdings, Inc.) to the applicant's division office (TriStar Health System).
- A November 14, 2014 letter signed by the President and Chief Financial Officer of TriStar Health System attests to HCA's ability to finance the project.
- Review of the HCA's Holdings financial statement as of 12/31/13 revealed cash and cash equivalents of $414,000,000, current assets of $8,037,000,000 and current liabilities of $5,695,000,000 for a current ratio of 1.41 to 1.0.

Note to Agency Members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities, which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- The last year of operation of Southern Hills Surgery Center was 2007.
- Southern Hills Surgery Center reported a net operating loss of ($773,645) in its 2007 fiscal year period, a margin of approximately (6.1%) of gross operating revenues.
- Gross Operating Revenue was reported as $12,590,634 in 2007.

Projected Data Chart

The applicant projects $28,043,009 in total gross revenue on 3,170 surgical cases during the first year of operation and $32,345,061 on 3,602 surgical cases in Year 2 (approximately $8,980 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $116,527 in Year 1 increasing to $241,976 in Year 2.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $5,045,799 or approximately 15.6% of total gross revenue in Year 2.
- Charity Care calculates to 16 cases in Year 1 and 18 cases in Year 2.

Charges

In Year 1 of the proposed project, the average surgical case charges are as follows:

- The proposed average gross charge is $8,847/ surgical case in 2017.
- The average deduction is $7,467/surgical case, producing an average net charge of $1,380/surgical case.

Medicare/TennCare Payor Mix

- TennCare- Charges will equal $3,393,204 in Year 1 representing 12.1% of total gross revenue.
- Medicare- Charges will equal $4,851,441 in Year 1 representing 17.3% of total gross revenue.

Staffing
The applicant's proposed direct patient care staffing in Year 1 includes the following:

- 6.5 Registered Nurses, and
- 3.5 Surgical Techs

Licensure/Accreditation
Southern Hills Surgery Center is licensed by the Tennessee Department of Health. The last survey of Southern Hills Surgery Center conducted by the Tennessee Department of Health occurred on October 6, 2006. In supplemental #1, the applicant indicated results of the October 6, 2006 survey could not be located in the facility archives.

Southern Hills Surgery Center will pursue re-accreditation by the AAAHC (Accreditation Association for Ambulatory Health Care).

The applicant has submitted the required corporate documentation, real estate option to lease and requisite demographic information for the applicant's proposed service area. HSDA staff has reviewed these documents. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied applications, pending applications, or outstanding Certificates of Need for this applicant.

HCA has financial interests in this project and the following:

Denied Applications:

Summit Medical Center, CN1206-029D, was denied at the September 26, 2012 Agency meeting. The application was for the for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehabilitation unit. The estimated cost was projected to be **$2,500,000.00.** *Reason for Denial: The application did not meet the statutory criteria.*

Pending Applications

TriStar Southern Hills Medical Center Emergency Room, CN1409-050, has an application that will be heard at the March 25, 2015 Agency meeting for the establishment of a satellite emergency department facility in a leased building to be constructed. The facility will contain 8 treatment rooms for emergency services at an unaddressed site at the Intersection of Old Hickory Boulevard and American Way, Brentwood (Davidson County), TN 37250. The estimated project cost is **$11,500,000.00.**

Outstanding Certificates of Need

Parkridge Medical Center Inc., CN1408-35A, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the acquisition of a second magnetic resonance imaging (MRI) unit for installation and use in 1,202 square feet of renovated space on the main campus of Parkridge Medical Center (PMC) at 2333 McCallie Avenue, Chattanooga (Hamilton County), TN. The estimated project cost was **$2,968,942.00.** *Project Status Update: The project was recently approved.*

Centennial Medical Center, CN1407-032A, has an outstanding Certificate of Need that will expire on December 1, 2017. The project was approved at the October 22, 2014 Agency meeting for the renovation of the main emergency department, the development of a Joint Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost was **$96,192,007.00.** *Project Status Update: The project was recently approved and is being appealed.*

Skyline Medical Center, CN1406-020A, has an outstanding Certificate of Need that will expire on November 1, 2017. It was approved at the September 24, 2014 Agency meeting to increase the licensed bed capacity at the hospital's campus by 10 beds. The beds will be utilized as medical-surgical and intensive care beds. The beds will be added by renovating existing space at the main campus which is located at 3441 Dickerson Pike, Nashville (Davidson County), TN. Simultaneously, 10 licensed beds will be closed at the Skyline satellite campus at 500 Hospital Drive, Madison (Davidson County), TN. TriStar Skyline Medical Center is currently licensed as an acute care hospital with 385 hospital beds. This project will increase beds at the main campus from 213 to 223 beds, and will reduce the satellite campus from 172 to 162 beds, so that the consolidated 385-bed licensed will not change. The estimated project cost was **$3,951,732.00.** *Project status update: This project was recently approved.*

Summit Medical Center, CN1402-004A, has an outstanding Certificate of Need that will expire on July 1, 2017. It was approved at the May 28, 2014 agency meeting for the addition of eight (8) medical/surgical beds increasing the hospital's licensed bed complement from one hundred eighty-eight (188) to one hundred ninety-six (196) total licensed beds. The new beds will be located in renovated space on the 7th Floor of the hospital in space to be vacated by the hospital's Sleep Lab which will be relocated to the adjacent Medical Office Building on the hospital campus. The estimated project cost was **$1,812,402.00.** *Project Status Update: A representative of Summit Medical Center advised on 2/9/2015 the eight (8) medical/surgical beds were placed into service December 1, 2014. A Final Project Report is pending.*

Hendersonville Medical Center, CN1302-002A, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) licensed bed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated cost of the project was **$32,255,000.00.** *Project Status: Per an Annual Progress Report dated February 5, 2015 e-mail, the full project is underway with construction projected to take 10 months to finish new construction.*

Parkridge Valley Hospital, CN1202-006AM has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting for (1) the addition of sixteen (16) additional child and adolescent psychiatric beds to the sixty-eight (68) beds currently located on the satellite campus at 2200 Morris Hill Road, Chattanooga (Hamilton County) and (2) the relocation of all forty-eight (48) of its licensed adult psychiatric beds to a new campus. The current licensed hospital bed complement at Parkridge Valley Hospital, which is a satellite location of Parkridge Medical Center, will decrease from one hundred sixteen (116) beds to eighty-four (84) beds. The net result of this application is that only child and adolescent psychiatric beds will operate at this location. The estimated project cost was **$143,000.00.** *Project Status Update: The project cost was modified at the January 22, 2014 Agency meeting to a revised amount of* ***$706,006.*** *A representative of Parkridge advised on 10/27/14 that construction*

started in August 2014 and renovations of the facility are in progress. Reconfiguration of the facility and life safety enhancements have been completed with the result that the facility has been converted to use by children and adolescents in all semi-private rooms (industry norm is 2 adolescents per room). The representative stated that Parkridge is on track to complete the project by early November 2014 within the $706,006 total estimated project cost.

Natchez Surgery Center, CN1002-011A, has an outstanding Certificate of Need that will expire on July 1, 2015. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was **$13,073,892.00.** *Project Status: A representative of Natchez Surgery Center advised on 02/09/2015 the Natchez Surgery Center is expected to be located in the same building, directly above the freestanding emergency department. The surgery center will be phase II of the construction project that is expected to commence after the completion of the freestanding emergency department. TriStar Horizon expects to open the freestanding emergency department before July, 2015. Due to the staging of these projects, a short extension of the CON may be necessary.*

Horizon Medical Center Emergency Department, CN1202-008A, has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting to establish a satellite emergency department facility located at its Natchez Medical Park campus located at 109 Natchez Park Drive, Dickson (Dickson County). Estimated project cost was **$7,475,395.** *Project Status Update: According to an 02/09/2015 update, the Horizon Medical Center Freestanding Emergency Department is under construction with an expected completion date of June 8th, 2015. TriStar Horizon expects to open the freestanding emergency department before July, 2015.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or pending applications for similar service area entities proposing this type of service.

Outstanding Certificates of Need

Saint Thomas Midtown Hospital, CN1401-001A, has an outstanding Certificate of Need which will expire on June 1, 2017. It was approved at the April 23, 2014 Agency meeting for the renovation of surgical suites, patient care areas, and

support space for the realignment and consideration of total joint replacement services at Saint Thomas Midtown Hospital located at 2000 Church Street, Nashville (Davidson County), TN. The estimated project cost was **$25,832,609.00.** *Project Status: A 2/4/2015 email from a representative of Saint Thomas Midtown Hospital indicates the project remains on schedule and on budget and is expected to be complete in September 2015.*

Baptist Plaza Surgicare, CN1307-029A, has an outstanding Certificate of Need which will expire on December 1, 2015. It was approved at the October 23, 2013 Agency meeting for the relocation and replacement of the existing ASTC from 2011 Church Street Medical Plaza I Lower Level, Nashville (Davidson County) to the northeast corner of the intersection of Church Street and 20th Avenue North Nashville, (Davidson County). The facility will be constructed in approximately 28,500 SF of rentable space in a new medical office building and will contain nine (9) operating rooms and one (1) procedure room. The estimated project cost was **$29,836,377.00**. *A 2/9/2015 email from a representative of Baptist Plaza Surgicare indicates pre-construction is underway and that construction is expected to commence during Summer 2015.*

Maxwell Aesthetics, PLLC, CN1303-009A, has an outstanding Certificate of Need that will expire on June 1, 2015. It was approved at the April 27, 2013 Agency meeting for the construction, development, and establishment of an ambulatory surgical treatment center (ASTC) limited to plastic surgery with one (1) operating room. The estimated project cost was **$1,322,564.00.** *Project Status: The project is on the February 25, 2015 HSDA Agenda to request a 2 year extension of the CON expiration date.*

Williamson County Hospital District d/b/a Williamson Medical Center, CN1210-048A, has an outstanding Certificate of Need which will expire on March 1, 2017. It was approved at the January 23, 2013 Agency meeting for the construction and renovation project that will renovate and expand surgery and surgery support areas on the east side of the main hospital building and construct a three-story addition on the west side of the main hospital building for pediatric services and shelled space for future relocation of obstetrics services. The estimated project cost was **$67,556,801.00.** *Project Status: A 2/4/2015 email from a representative of Williamson Medical Center indicated the East Tower is scheduled to be complete in March 2015 and the West Tower will be complete in April 2015. Williamson Medical Center will then begin the renovation phase of the OR space. The project remains on schedule.*

Franklin Endoscopy Center, CN1209-046A, has an outstanding Certificate of Need that expires on February 1, 2015. It was approved at the December 12, 2012

Agency meeting for the relocation of an existing single specialty ambulatory surgical treatment center (ASTC) limited to endoscopic procedures, located at 740 Cool Springs Boulevard, Suite 210B, Franklin (Williamson County), TN to 10,000 feet of newly constructed space located at 9160 Carothers Parkway, Franklin (Williamson County), TN. The proposed relocation site will be located 1.5 miles from the existing ASTC. The applicant is seeking the addition of two (2) multispecialty outpatient surgery operating rooms thereby converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. The estimated project cost is **$ $7,420,105.00**. *Project Status: According to a 02/11/15 email from a representative of the applicant the project was completed during July, 2014. The Final Project Report is pending.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 02/03/15

LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before November 10, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Southern Hills Surgery Center (an ambulatory surgical treatment center), owned and managed by Surgicare of Southern Hills, Inc. (a corporation), intends to file an application for a Certificate of Need to relocate from 360 Wallace Road, Nashville, TN 37211, to leased space in a building to be constructed at an unaddressed site in the northeast corner of the intersection of Old Hickory Boulevard and American General Way, in Brentwood, Tennessee 37250. This site is within Davidson County, adjoining Old Hickory Boulevard less than a mile east of the intersection of Old Hickory Boulevard and I-65. The facility will contain the same capacity as it does at its current location--three operating rooms and two procedure rooms. The project cost is estimated at $17,500,000, which includes the value of the land and building that will be leased. The facility is currently licensed as an Ambulatory Surgical Treatment Center by the Board for Licensing Health Care Facilities; and that licensure will continue at the new location. The project will not contain major medical equipment and will not affect any licensed bed complements.

The anticipated date of filing the application is on or before November 14, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

John Wellborn	11-10-14	jwdsg@comcast.net
(Signature)	(Date)	(E-mail Address)

COPY

-Application

Southern Hills Surgery Ctr.

CN1411-047

SOUTHERN HILLS SURGERY CENTER

CERTIFICATE OF NEED APPLICATION TO RELOCATE WITHIN SOUTH DAVIDSON COUNTY

Submitted November 2014

PART A

1. Name of Facility, Agency, or Institution

Southern Hills Surgery Center		
Name		
NE Corner of Intersection of Old Hickory Boulevard & American General Way		Davidson
Street or Route		*County*
Brentwood	TN	37250
City	*State*	*Zip Code*

2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
Name		*Title*	
Development Support Group		jwdsg@comcast.net	
Company Name		*E-Mail Address*	
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
Street or Route	*City*	*State*	*Zip Code*
CON Consultant	615-665-2022	615-665-2042	
Association With Owner	*Phone Number*	*Fax Number*	

3. Owner of the Facility, Agency, or Institution

Surgicare of Southern Hills, Inc. c/o Southern Hills Medical Center		615-781-4150
Name		*Phone Number*
391 Wallace Road		
Street or Route		*County*
Nashville	TN	37211
City	*State*	*Zip Code*

4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For-Profit)	x	I. Other (Specify):	
E. Corporation (Not-for-Profit)			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. *Name of Management/Operating Entity (If Applicable)* *NA*

Name

Street or Route *County*

City *State* *Zip Code*

6. *Legal Interest in the Site of the Institution (Check One)*

A. Ownership		D. Option to Lease /10 years	x
B. Option to Purchase		E. Other (Specify):	
C. Lease of ____ Years			

7. *Type of Institution (Check as appropriate—more than one may apply)*

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty	x	J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

8. *Purpose of Review (Check as appropriate—more than one may apply*

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
B. Replacement/Existing Facility	x	H. Change of Location	x
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data ***NA***

(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

10. Medicare Provider Number:	3739642
Certification Type:	ambulatory surgical treatment center
11. Medicaid Provider Number:	411-1186
Certification Type:	ambulatory surgical treatment center

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing ambulatory surgical treatment center (ASTC) with existing Medicare and Medicaid certifications.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Table One: Contractual Relationships with Service Area MCO's	
Available TennCare MCO's	**Applicant's Relationship**
AmeriGroup or BlueCare	to be contracted
United Healthcare Community Plan (formerly AmeriChoice)	to be contracted
TennCare Select	to be contracted

This ASTC temporarily suspended performing its own cases in 2008, and currently has no MCO contracts in place. But its facility is being used by TriStar Southern Hills Medical Center for hospital-registered endoscopy cases; and that hospital is is contracted with all area MCO's through master contracts between the MCO's and TriStar Health System, its Division office. The TriStar Division contracts cover all HCA hospitals and surgery centers in Middle Tennessee. The agreements allow all new HCA facilities to be added to the contract automatically. So this proposed ASTC facility at its new location will automatically enter into those contracts. The Division contracts also cover all three Statewide MCO's that will be in effect in January of 2015.

SECTION B: PROJECT DESCRIPTION
B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

• The project is to relocate and re-open an existing licensed ambulatory surgical treatment center (ASTC), at the same surgical room capacity, under the same ownership, and 5.5 miles southwest, within the same county. Southern Hills Surgery Center, wholly owned by HCA subsidiaries, and associated with TriStar Southern Hills Medical Center, proposes to move from leased space on Wallace Road to south Davidson County, where it will occupy leased space in a building owned by another HCA subsidiary. It was licensed at its current location in 2005.

• The relocated facility will have the same surgical room complement (5 rooms) that it has at its current location. It will have 3 operating rooms and 2 procedure/treatment rooms. At the new building, this ASTC will be larger in overall size; it will have more pre-op and post-op/recovery spaces; it will have larger operating rooms; it will bring itself into compliance with current and proposed codes and licensure standards for ASTC's.

• The applicant wholly owns the current ASTC operation on Wallace Road. Before 2008, when it moved its cases back into TriStar Southern Hills Medical Center, this ASTC was syndicated with TriStar's surgeons; and the applicant intends to syndicate it again at an owned site, based on strongly expressed physician interest. The applicant will retain majority ownership in such a syndication. The facility is not under a management contract currently, but will be if a future syndication occurs. The management entity at that time has not been identified; but it will be a wholly-owned HCA affiliate in order to keep revenues within the HCA organization.

Ownership Structure

• As explained in B.II.A below (page 13), Southern Hills Surgery Center, Inc. is wholly owned by HCA, Inc. through a series of wholly owned HCA subsidiaries. The applicant intends to syndicate the ASTC with physicians at the new location, but if that occurs, the applicant will maintain majority (51% or more) control of the facility.

• Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

Service Area

• The current primary service area of the hospital, its surgical staff, and its outpatient surgery cases, is a three-county area consisting of Davidson, Williamson, and Rutherford

Counties, which are within several miles of the hospital and its ASTC. The applicant projects that since most caseloads of the ASTC will be outpatient cases relocated from TriStar , the relocated ASTC will continue to have the same primary service area counties as the hospital.

Need

• The project is needed to improve space available for patient care and support. The ASTC needs to enlarge its operating rooms, increase its pre- and post-op/recovery spaces, improve its air handling systems, and make other changes to conform to current design standards of the industry, State licensure, and the latest AIA Guidelines. The existing facility is in a building that the applicant does not own, and cannot expand. A relocation is appropriate to enlarge this facility by almost 40%.

• Currently the ASTC is liable for monthly lease payments of approximately $30,000. These are payments being lost to an unrelated third party lessor. HCA needs to recapture lease payments within its own organization, by moving this ASTC into property owned by an HCA affiliate. HCA's wholly-owned affiliate, Southpoint, LLC, has acquired property in south Davidson County, where it proposes to construct an ASTC building for lease to the CON applicant. If the applicant delays relocation, the ASTC risks becoming a captive tenant at a disadvantage in negotiating an extension of its lease on Wallace Road.

• The relocation of cases will save money for insurors. Currently these cases are being performed by the hospital, not by its ASTC. By moving several thousand cases into the proposed Brentwood ASTC, a much lower Medicare reimbursement schedule will apply (because ASTC's are often reimbursed at 40% less than hospitals, for the same surgical case).

Existing Resources

• There are no multispecialty surgery centers located in south Davidson County near Brentwood, a major population growth center for the Nashville area. The closest ones are in Franklin and Nashville. Within the three primary service area counties (Davidson, Williamson, and Rutherford), the applicant has identified 32 single-specialty and multi-specialty ASTC's that perform cases of the type projected for this project. The great majority of them are concentrated in Nashville and Murfreesboro.

Project Cost, Funding, Financial Feasibility, Staffing

• The project cost for CON purposes (which includes the value of the leased building and its land) is estimated at $17,357,832, of which $9,282,612 is the actual capital cost for the applicant, and $5,575,220 is the actual capital cost for the building developer/lessor. Both components will be funded by a cash transfer from HCA Holdings through HCA's local Division, TriStar Health System. The projected income and expense for the project indicate financial feasibility and positive cash flow.

• The project will be staffed with 22 FTE's recruited by HCA from local sources, including TriStar Southern Hills Medical Center.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.)* INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Overview

The project will replace and relocate a licensed HCA ambulatory surgical treatment facility ("ASTC") named Southern Hills Surgery Center. The proposed site is approximately 5.5 miles west of the facility's current location across the street from TriStar Southern Hills Medical Center, with which the ASTC is affiliated. The current location and the proposed location are both in far south Davidson County.

The project will not change the ASTC's scope of services, or its surgical capacity. The current facility is a licensed multi-specialty center with three operating rooms and two procedure rooms. The proposed facility will have the same authorized scope of services and the same surgical capacity.

There will be no change in the ASTC's primary service area counties. Tristar Southern Hills Surgery Center and Southern Hills Surgery Center have historically drawn most (85%) of their outpatient surgical utilization from Davidson, Williamson, and Rutherford Counties. This will continue at the new location.

There will be no change in ultimate ownership, or in operational control. The ASTC is part of the HCA group of acute care facilities in Davidson County and will remain under HCA control. The ASTC is operationally associated with HCA's TriStar Southern Hills Medical Center, whose surgical staff will also be the surgical staff of the ASTC at its new location. The ASTC at its current location does not have a management contract with any external (non-affiliated) company, and does not project having that at the new location. (If and when it is syndicated with its surgical staff, the ASTC will have a management contract, but only with a wholly-owned HCA subsidiary.)

Site Information

For convenience, a site map for the facility and a map showing the current and proposed sites are provided after this page.

The current ASTC site is at 360 Wallace Road, Nashville, TN, 37211. It is across the street from TriStar Southern Hills Medical Center, located at 390 Wallace Road. The ASTC is within two blocks of the major intersection of Harding Road (east-west roadway) and Nolensville Road (north-south roadway). The area around that intersection is informally known as the "Harding Mall" area. These facilities are in far south Davidson County, close to both Williamson and Rutherford Counties.

The proposed ASTC site is in far south Davidson County close to the Brentwood city boundary. The site is currently unaddressed but will be in the Brentwood zip code. It is in the northeast quadrant of the intersection of Old Hickory Boulevard (an east-west roadway) and American General Way (a north-south street), just east of Interstate 65. The proposed site is 5.5 miles and twelve minutes' drive west of the current ASTC site. Access to the proposed site will be by American General Way, just above its intersection with Old Hickory Boulevard.

The site is part of an undivided tract of land containing approximately 53 acres and several large office buildings. In 2014 the tract was acquired by Southpoint, LLC, an entity owned by HCA Health Services of Tennessee, Inc., and ultimately by HCA. Within this large tract, a 14-acre wooded segment on the east side of American General Way, bordered by Old Hickory Boulevard, is immediately available for development. Within that 14-acre segment, approximately 3.5 acres adjoining Old Hickory Boulevard are being allocated to the ASTC and its parking and circulatory drives. (Decisions have not yet been made on future uses of the remainder of the 53-acre tract; physician offices and additional outpatient services are being evaluated.)

Help fight Ebola. For every $1 you give, Google will give $2. Donate now No thanks

American General Way, Brentwood, TN 37027

via Edmondson Pike and Old Hickory Blvd 12 min

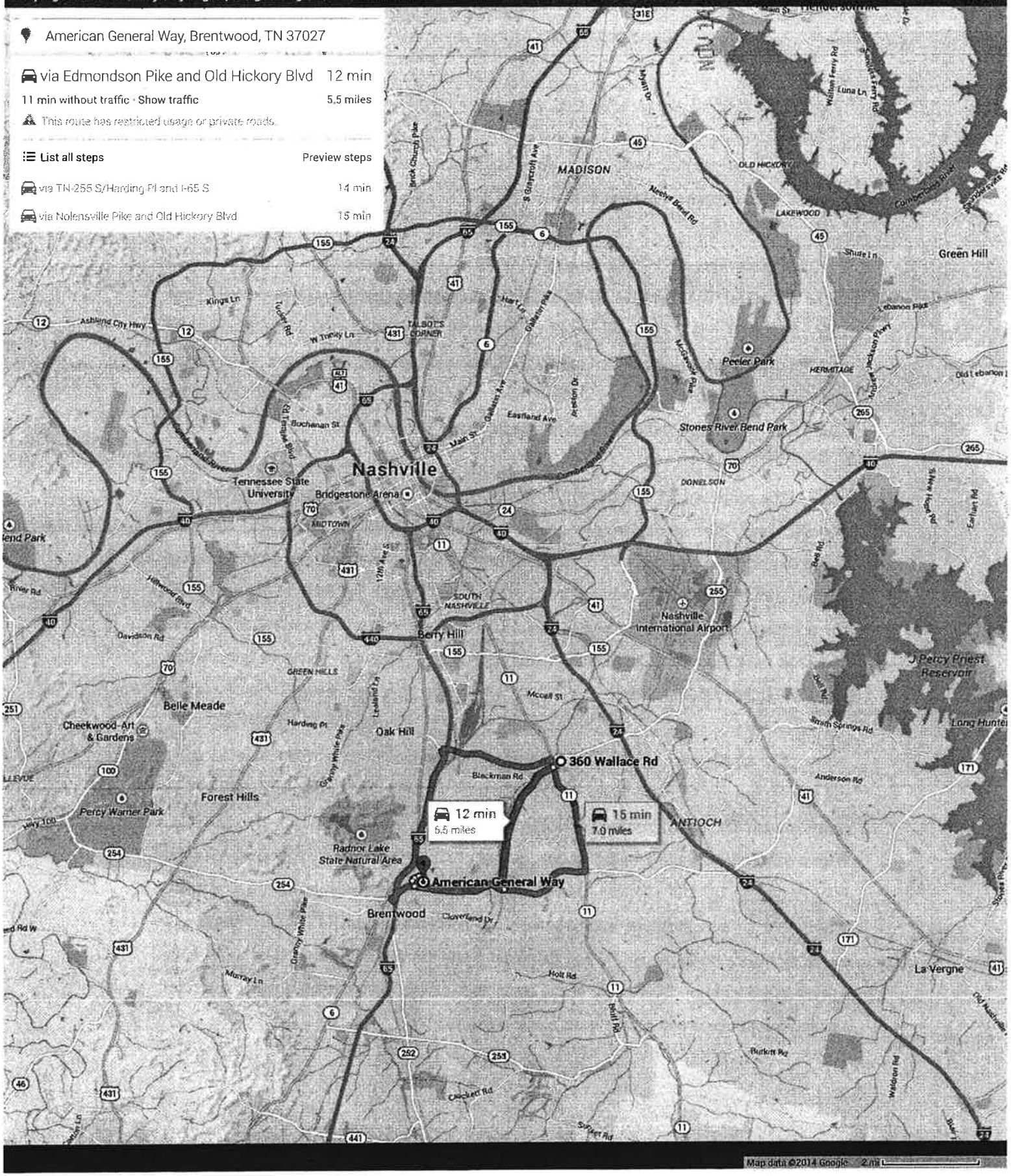
11 min without traffic · Show traffic 5.5 miles

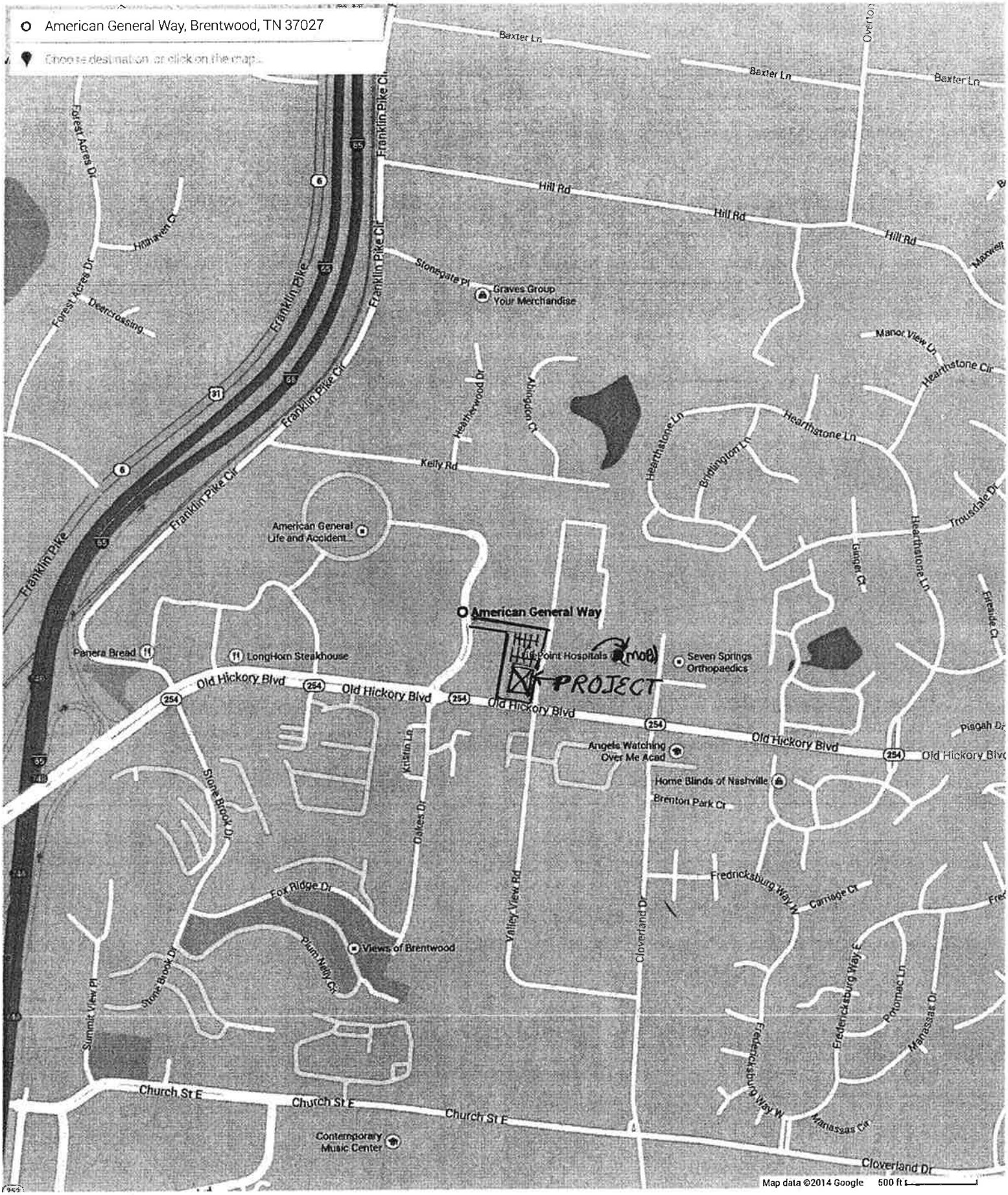
This route has restricted usage or private roads.

List all steps Preview steps

via TN-255 S/Harding Pl and I-65 S 14 min

via Nolensville Pike and Old Hickory Blvd 15 min




American General Way, Brentwood, TN 37027
Choose destination or click on the map...
Baxter Ln
Overton
Hill Rd
Franklin Pike
Franklin Pike Cir
Forest Acres Dr
Hillhaven Cir
Deercrossing
Stonegate Pl
Graves Group
Your Merchandise
Manor View Ln
Hearthstone Cir
Heatherwood Dr
Abingdon Ct
Hearthstone Ln
Bridlington Ln
Kelly Rd
American General
Life and Accident
Trousdale Dr
Ginger Ct
Firside Ct
American General Way
PROJECT
Panera Bread
LongHorn Steakhouse
Seven Springs
Orthopaedics
Old Hickory Blvd
Pisgah Dr
Angels Watching
Over Me Acad
Home Blinds of Nashville
Brenton Park Cir
Kristin Ln
Stone Brook Dr
Dakes Dr
Fredricksburg Way W
Carriage Cir
Fox Ridge Dr
Valley View Rd
Cloverland Dr
Views of Brentwood
Plum Nelly Cir
Fredericksburg Way E
Potomac Ln
Manassas Dr
Summit View Pl
Church St E
Manassas Cir
Contemporary
Music Center
Map data ©2014 Google
500 ft

Physical Description of the Facility

The ASTC will be a one-story facility, approximately 18,109 SF in size. It will have a canopied entrance. It will contain three operating rooms, two procedure rooms, and shelled space for a future fourth operating room. It will have thirteen pre-op and five post-op/recovery stations. These will be supported by a nursing station, sterile and soiled work areas, equipment storage, linen rooms, staff lounge, administration and business offices, a reception and waiting area with a pediatric playroom, consulting offices, staff showers and lockers, and other support spaces.

Table Two: Summary of Construction and Changes in Size	
	Total Square Feet
Facility At Current Wallace Rd. Location	12,958 SF
Facility At Proposed Brentwood Location	18,100 SF
Net Increase in Size (%)	+39.7%
Area of New Construction	18,100 SF
Area of Renovation	none
Total New & Renovated Construction	18,100 SF

Project Cost and Funding

It is anticipated that Southpoint, LLC (an HCA subsidiary that owns the land) will develop the project building as shell space, to specifications of HCA, and that Southpoint will then lease the building to Surgicare of Southern Hills, Inc. (an HCA subsidiary which is the CON applicant) to build it out and to equip it as an ASTC.

The estimated project cost for CON purposes is $17,357,832. Of this, $8,075,220 is the fair market value of the land and shell building to be provided by the developer/lessor, and $9,282,612 is the estimated capital expenditure by the applicant/licensee for building out and equipping the shell building.

Both the lessor and the applicant/lessee will receive funding for all project costs from HCA Holdings, Inc., their common parent company.

Project Implementation and Hours of Service

If granted final CON approval by March 1, 2015, the facility can be opened for service at the new location in mid-2016. Its first full calendar year of operation will be CY2017. It will provide ambulatory surgical services Monday through Friday, from 8 AM to 4 PM.

Ownership and Parties Involved in the Project; History of ASTC Licensure

a. *The Developer/Lessor:* Southpoint, LLC owns the 53-acre tract that includes this project site. Southpoint, LLC is wholly owned by HCA Health Services of Tennessee, Inc., which is wholly owned by Healthserv Acquisition, LLC, which is wholly owned by Healthtrust, Inc.--The Hospital Company, which is wholly owned by HCA, Inc., which is wholly owned by HCA Holdings, Inc. Southpoint has granted an option to Surgicare of Southern Hills, Inc. (the CON applicant and licensee of the existing ASTC on Wallace Road) under which Surgicare can have Southpoint construct a shell ASTC building at the site, and lease it to Surgicare for completion and use as an ASTC.

b. *The CON Applicant/Lessee/Licensee*: Like Southpoint, Surgicare of Southern Hills, Inc., which holds the license for Southern Hills Surgery Center on Wallace Road, is wholly owned by HCA Health Services of Tennessee, Inc., which is wholly owned by Healthserv Acquisition, LLC, which is wholly owned by Healthtrust, Inc.--The Hospital Company, which is wholly owned by HCA, Inc., which is wholly owned by HCA Holdings, Inc.

c. *The Current ASTC Facility on Wallace Road:* It was approved in 2004 (CN 0412-110) and licensed in 2005, located in a building leased from an unrelated third party. When originally developed, it was owned by Southern Hills Surgery Center, L.P., in which Surgicare of Southern Hills, Inc. was the general partner. Surgeons on the staff of TriStar Southern Hills Medical Center held partnership interests. Several years later the L.P. was dissolved and Surgicare of Southern Hills, Inc., became sole owner and licensee as it is currently. In mid-2008, it ceased to perform significant numbers of cases and its cases were moved back to the hospital. It has not performed cases as an ASTC since that

time. However, it is being used by TriStar Southern Hills Medical Center for the hospital's own GI endoscopy cases, for lack of hospital surgical capacity on peak days. That utilization has been included in the hospital's Joint Annual Reports.

The applicant hopes to syndicate the ASTC again at the new site, based on strongly expressed physician interest. The applicant will retain majority ownership of at least 51%, if a syndication occurs. The facility is not under a management contract currently, but it will be if a future syndication occurs, bringing minority ownership interests into the operation. The future management entity in that scenario has not been identified; but it will be a wholly-owned HCA affiliate in order to keep revenues within the HCA organization. The probable management entity will be HCA's wholly owned Medical Care America (i.e., the Surgery Center Division of the company), which manages many HCA surgery centers.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF $5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF $2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

See Attachment B.II.A.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

ASTC construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Table Three: Ambulatory Surgery Center Construction Cost PSF Years: 2011-2013			
	Renovated Construction	New Construction	Total Construction
1st Quartile	$95.04/sq ft	$174.88/sq ft	$113.55/sq ft
Median	$113.55/sq ft	$223.62/sq ft	$162.00/sq ft
3rd Quartile	$150.00/sq ft	$269.76/sq ft	$223.62/sq ft

Source: CON approved applications for years 2011 through 2013

This project's estimated construction cost in CY2013 is approximately $360 PSF overall, combining the cost of the lessor/developer for the shell building, and the cost of the CON applicant/lessee for finishing out the shell building as an ASTC.

Table Four: This Project's Construction Costs			
	Shell Construction by Lessor	**Build-out by Applicant/Lessee**	**Total Project**
Square Feet	18,109 SF	18,109 SF	18,109 SF
Construction Cost	$2,444,715	$4,074,525	$6,519,240
Constr. Cost PSF	$135	$225	$360

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable to an ambulatory surgical treatment center.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. **ADULT PSYCHIATRIC SERVICES**
2. **ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
3. **BIRTHING CENTER**
4. **BURN UNITS**
5. **CARDIAC CATHETERIZATION SERVICES**
6. **CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
7. **EXTRACORPOREAL LITHOTRIPSY**
8. **HOME HEALTH SERVICES**
9. **HOSPICE SERVICES**
10. **RESIDENTIAL HOSPICE**
11. **ICF/MR SERVICES**
12. **LONG TERM CARE SERVICES**
13. **MAGNETIC RESONANCE IMAGING (MRI)**
14. **MENTAL HEALTH RESIDENTIAL TREATMENT**
15. **NEONATAL INTENSIVE CARE UNIT**
16. **NON-RESIDENTIAL METHADONE TREATMENT CENTERS**
17. **OPEN HEART SURGERY**
18. **POSITIVE EMISSION TOMOGRAPHY**
19. **RADIATION THERAPY/LINEAR ACCELERATOR**
20. **REHABILITATION SERVICES**
21. **SWING BEDS**

Not applicable. This project does not add another licensed surgical facility, or increase licensed surgical capacity, or type of acute care service, within the service area.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

1. Improved Physical Facility--The Wallace Road facility was built to design standards and State licensure codes in effect in 2005, a decade ago. Since then, design standards and State codes have changed. They are anticipated to change again when the 2014 AIA standards are adopted for Tennessee licensure. Replacing the ASTC with a new facility designed to more modern standards will provide a better patient care environment. For example:

- The existing facility's operating rooms are approximately 340 SF in size; the new facility's will be 415 SF in size--a 22% increase in floor space.

• The existing facility has only 14 pre-op and post-op recovery spaces. The new facility will have 23: 18 pre-op and 5 post-op/recovery stations, for the same surgical room complement. This will be a 64% increase in stations.

• The new facility will have air changes in the OR's 15 times a day; the existing facility has far fewer air changes per day.

• These and other improvements in support spaces will give the new facility an area of 18,100 SF, compared to the current location's area of 12,958 SF--an increase of 40%.

2. Improved Accessibility for Patients in South Davidson and North Williamson Counties --There are no multidisciplinary ASTC's currently in the Brentwood area. There are some in Davidson County north of Brentwood; and there are some near I-65 at the Franklin exit several miles south of this project. But the populous, high-growth residential and office communities near Brentwood (in both South Davidson and North Williamson Counties) have no multidisciplinary ambulatory surgery facilities. This relocation project will provide that option, without increasing the number of licensed ASTC's and surgical rooms in the service area.

3. Lower Costs for Payors -- Hospitals are reimbursed by Medicare (and many other insurors) at up to 40% more than ASTC's are reimbursed, for the same procedures. Moving a large number of TriStar Southern Hills Medical Center's outpatient cases into the proposed ASTC facility will provide savings for the health care system.

4. Recapture of Lease Expenditures--The ASTC is now leasing its building from an unrelated third party, for substantial annual lease payments of approximately $30,000 per month. HCA would prefer to "buy rather than rent" the real estate for its ASTC. Although there will be a lease at the new site, those lease payments will be made to other HCA subsidiaries, staying within the company.

And if the ASTC remains where it is, and seeks to renew its lease, it will be at a serious negotiating disadvantage by virtue of being a captive tenant.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF $1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:
1. Total Cost (As defined by Agency Rule);
2. Expected Useful Life;
3. List of clinical applications to be provided; and
4. Documentation of FDA approval.
b. Provide current and proposed schedule of operations.

2. For mobile major medical equipment:
a. List all sites that will be served;
b. Provide current and/or proposed schedule of operations;
c. Provide the lease or contract cost;
d. Provide the fair market value of the equipment; and
e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. No major medical equipment is included in the project.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. **SIZE OF SITE (IN ACRES);**
2. **LOCATION OF STRUCTURE ON THE SITE;**
3. **LOCATION OF THE PROPOSED CONSTRUCTION; AND**
4. **NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project's service area has excellent access to the proposed Brentwood site. The site is in far south Davidson County, on Old Hickory Boulevard, within yards of Exit 74 on I-65. Old Hickory is a high-speed, east-west traffic corridor for most of its length, running across south Davidson County and connecting I-40, I-65, and I-24--which are major interstate corridors that bring travelers toward Nashville from Davidson, Williamson, and Rutherford Counties. So the project will be well-positioned to continue to serve residents of these three counties; and it will be very visible to patients arriving on Old Hickory Boulevard.

Table Five on the next page provides a comparison of drive times between a dozen communities in these three counties and the current and proposed ASTC sites. The average distances and drive times at the base of the chart show that the proposed site is just as accessible to service area communities as is the current site.

Table Five: Drive Times and Distances Between Service Area Communities and Southern Hills Surgery Center's Proposed and Current Sites

		To Proposed Site				To Existing Site			
County	**City**	**Miles**	**RT Miles**	**Minutes**	**RT Minutes**	**Miles**	**RT Miles**	**Minutes**	**RT Minutes**
Davidson	Nashville	10.7	21.4	15	30	9.3	18.6	16	32
	Hermitage	19.8	39.6	24	48	11.4	22.8	23	46
	Bellevue	10.1	20.2	21	42	12.6	25.2	26	52
Williamson	Brentwood	0	0	0	0	5.9	11.8	13	26
	Franklin	12.8	25.6	19	38	17.8	35.6	25	50
	Thompson Station	22	44	26	52	27	54	32	64
	Nolensville	10.7	21.4	21	42	9.7	19.4	20	40
	Fairview	22.2	44.4	36	72	27.2	54.4	43	86
	Triune	20.6	41.2	26	52	16.8	33.6	28	56
Rutherford	Lavergne	14.6	29.2	24	48	12.4	24.8	16	32
	Smyrna	18.7	37.4	31	62	16.5	33	23	46
	Murfreesboro	28.9	57.8	38	76	26.7	53.4	30	60
	Averages	**15.9**	**31.9**	**23.4**	**46.8**	**16.1**	**32.2**	**24.6**	**49.2**

Source: Google Maps, 11-14

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B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

1. **EXISTING SERVICE AREA (BY COUNTY);**
2. **PROPOSED SERVICE AREA (BY COUNTY);**
3. **A PARENT OR PRIMARY SERVICE PROVIDER;**
4. **EXISTING BRANCHES AND/OR SUB-UNITS; AND**
5. **PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

(Note: The State Health Plan criteria for Ambulatory Surgical Treatment Centers is not applicable because the project does not propose an additional licensed facility or additional licensed surgical capacity.)

Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable; none of these changes is being proposed.

2. For relocation or replacement of an existing licensed healthcare institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strngths and weaknesses of each alternative.

The applicant has provided detailed cost projections for relocation to a new site. However, it is not feasible to create a budget or a plan for renovation, for two reasons. First, renovation would not expand the building footprint, which would be needed to expand the size of surgical rooms, add pre-op and recovery spaces, and expand other support spaces to conform to current design and licensure standards. The applicant does not own the building and can't compel its expansion. Second, even with a renovation, staying at this location will force the applicant to continue making large lease payments to an unrelated third party. One of the primary objectives of this project is to recapture the lease payments within the applicant's own organization, i.e., to direct them to another wholly owned HCA subsidiary company.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant is submitting letters of support from surgeons who will perform cases at the new location. Those commitments, plus the prospect of continued population growth within a half hour's drive of the new site, provide reasonable assurance that this relocation of an existing facility will be feasible and that the caseload projections will be met.

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable; this is a replacement project and not a renovation or expansion project.

The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.
Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The project will increase access to multispecialty ambulatory surgical care by moving resources closer to population growth centers. It will provide a better physical facility for surgical care than the older facility being replaced. This are positive factors for healthcare services in the area.

2. Access to Care

Every citizen should have reasonable access to health care.
Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The project is consistent with the State Guidelines for the replacement of acute care facilities. Re-opening this ASTC for service within one of the State's highest-growth communities (Brentwood) expands that community's options for convenient access to ambulatory surgery.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. **The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.**

The project will provide an efficient facility for the delivery of care, one which conforms to current codes and design standards. This will be done without increasing the total licensed complement of surgical rooms or ASTC's in the service area.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. **Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.**

By replacing an older facility with one designed to newer industry and licensure standards, the project will enhance quality as defined by State Licensure.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. **The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.**

The project has no apparent net impact on the healthcare workforce.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

Since the ASTC temporarily suspended performance of ASTC cases in 2008, its owner (HCA) has been waiting for an opportunity to relocate it to a better building at a location more accessible to service area patients, one which would recapture lease payments within the HCA organization of companies. During that time, the hospital has performed many of its own cases (GI) in the ASTC to free up O.R. time in the main hospital operating suite.

Now that the facility's parent company has acquired a suitable HCA-owned site several miles to the west, within the same service area and satisfactory to its prospective surgical staff, it is timely to propose the relocation and reopening of these ambulatory surgery services.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

In its initial years, the project's patient origin is expected to reflect the current ambulatory surgery patient origin of TriStar Southern Hills Medical Center. The surgeons who will practice at the relocated facility comprise many of the hospital's current surgical staff. Patient origin projections are in Table 6 below. The three primary service area counties will generate approximately 85% of the cases. No other county is expected to generate even 3% of the caseloads.

Table Six: Projected Patient Origin of Southern Hills Surgery Center			
County	**Percent of Total**	**Year One Cases**	**Year Two Cases**
Davidson	65%	2,061	2,341
Rutherford	12%	381	432
Williamson	8%	254	288
Subtotal PSA	**85%**	**2,696**	**3,061**
Wilson	2%	63	72
Maury	2%	63	72
Other Co. <2%	11%	348	397
Total All Counties	**100%**	**3,170**	**3,602**

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see Table Seven on the following page. The primary service area (PSA) population has a younger median age (approximately 35) than the State average age of 38 years. Between this year and 2018, the PSA population is projected by State demographers to increase by 7.1%, almost twice as fast as the 3.7% rate of increase forecasted for the State.

The PSA's elderly age 65+ population is almost 11% of the total population, much less than the 15% Statewide percentage. By 2018, the PSA and State percentages of elderly are projected to reach almost 12% and approximately 16%, respectively. However, the projection is for the PSA's age 65+ population to increase 17.6% over the next four years, compared to a 12.3% increase Statewide.

In terms of income, the PSA's median household income of $64,309 is far above the State average of $44,140. TennCare enrollment in the PSA is 14.9% of the population versus 18.8% Statewide. The persons living in poverty in the PSA are 14.9% of the population, compared to 17.3% Statewide.

SUPPLEMENTAL #1
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Table Seven: Demographic Characteristics of Primary Service Area
Southern Hills Surgery Center
2014-2018

Demographic	DAVIDSON County	RUTHERFORD County	WILLIAMSON County	TENNESSEE PSA	STATE OF TENNESSEE
Median Age-2010 US Census	33.9	32.2	38.5	34.9	38.0
Total Population-2014	656,385	293,582	202,923	1,152,890	6,588,698
Total Population-2018	682,330	329,446	223,333	1,235,109	6,833,509
Total Population-% Change 2014 to 2018	4.0%	12.2%	10.1%	7.1%	3.7%
Age 65+ Population-2014	74,375	27,218	23,028	124,621	981,984
% of Total Population	11.3%	9.3%	11.3%	10.8%	14.9%
Age 65+ Population-2018	85,594	33,222	27,729	146,545	1,102,413
% of Total Population	12.5%	10.1%	12.4%	11.9%	16.1%
Age 65+ Population-% Change 2014-2018	15.1%	22.1%	20.4%	17.6%	12.3%
Median Household Income	$46,676	$55,105	$91,146	$64,309	$44,140
TennCare Enrollees (4/14)	124,103	38,869	9,214	172,186	1,241,028
Percent of 2014 Population Enrolled in TennCare	18.9%	13.2%	4.5%	14.9%	18.8%
Persons Below Poverty Level (2014)	121,431	38,166	11,770	171,366	1,139,845
Persons Below Poverty Level As % of Population (US Census)	18.5%	13.0%	5.8%	14.9%	17.3%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts;
TennCare Bureau. PSA data is unweighted average or total of county data, as appropriate.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

This three-county area of Middle Tennessee is relatively prosperous compared to the rest of the State, although there are large pockets of lower-income communities, especially in more rural sectors and inner city sectors of these counties. This project will be accessible to the above groups. HCA TriStar facilities accept both Medicare and TennCare patients. The ASTC will serve all of the above groups. It will provide limited charity care, which is the policy of almost every ASTC in the area, because its positive operating margin is not large.

Table Eight: Southern Hills Surgery Center Service to Special Needs Groups

Category	Percentage of Gross Revenues, Yr. 1
Medicare Payor Mix	17.3%
Medicaid/TennCare Payor Mix	12.1%
Charity Care Payor Mix	0.5%

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

Tables Nine A-C following this page list reported 2011-2013 capacity and caseloads for the PSA ASTC's that performed cases of types projected for this project. The applicant has excluded only a few facilities, such as those dedicated to MUA, pain management, and radiation therapy.

One difficulty for health planning analysis is that the State Joint Annual Reports do not clearly show case utilization for OR's and procedure rooms separately, so the State Plan's request for applicants to analyze utilization for each type of room separately can not be answered at this time.

However, taking all cases in relation to all surgical rooms (whether operating rooms or procedure rooms), the service area facilities have been averaging approximately 900 cases per surgical room, annually, in the past 3 years. Although the State Plan "Need" review criteria do not apply to this project, the areawide average utilization of ambulatory surgical facilities is reasonably consistent with the goal of the State Plan.

Table Nine-A: Southern Hills Surgery Center
Utilization of Surgery Centers in the Primary Service Area of This Project

	2013 Joint Annual Report of ASTC's					
County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	690	345
	Associated Endoscopy	0	3	3	4,438	1,479
	Baptist Ambulatory Surg Center	6	1	7	7,137	1,020
	Baptist Plaza Surgicare	9	1	10	8,094	809
	Centennial Surgery Center	6	2	8	7,214	902
	Digestive Disease Endos Center	0	4	4	6,049	1,512
	Eye Surg Cntr of Middle TN	2	0	2	1,198	599
	Eye Surg Center of Nashville	1	1	2	4,300	2,150
	Gurley Surgery Center	0	3	3	284	95
	LVC Outpatient Surg Center	2	1	3	2,025	675
	Mid-State Endoscopy Center	0	3	3	2,429	810
	Nashville Endo Surg Center	0	3	3	2,754	918
	Nashville GI Endoscopy Cntr	0	3	3	2,384	795
	Nashville Surgery Center	5	1	6	4,292	715
	Nashville Vision Correction	1	0	1	148	148
	Northridge Surgery Center	5	2	7	2,954	422
	Premier Orthopaedic Surg Cntr	2	0	2	2,485	1,243
	Saint Thomas Campus Surgicare	6	1	7	7,137	1,020
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	1,779	593
	Southern Endoscopy Center	0	3	3	2,695	898
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3,424	1,712
	Summit Surgery Center	5	1	6	5,474	912
	Urology Surgery Center	3	3	6	5,445	908
	Wesley Ophthalmic Plastic Surg Cntr.	2	0	2	905	453
Williamson	Cool Springs Surgery Center	5	1	6	7,780	1,297
	Franklin Endoscopy Center	2	2	4	2,655	664
Rutherford	Mid-State Endoscopy Center	0	2	2	1,632	816
	Middle TN Ambulatory Surg Center	6	1	7	6,552	936
	Physicians Pavillion Surgery Center	4	1	5	3,032	606
	Surgicare of Murfreesboro Med Clinic	3	3	6	8,521	1,420
	Williams Surgery Center	1	0	1	56	56
	TOTAL PRIMARY SERVICE AREA			129	115,962	899

Table Nine-B: Southern Hills Surgery Center
Utilization of Surgery Centers in the Primary Service Area of This Project

	2012 Joint Annual Report of ASTC's					
County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	809	405
	Associated Endoscopy	0	3	3	4,477	1,492
	Baptist Ambulatory Surg Center	6	1	7	7,443	1,063
	Baptist Plaza Surgicare	9	1	10	8,215	822
	Centennial Surgery Center	6	2	8	7,491	936
	Digestive Disease Endos Center	0	4	4	5,863	1,466
	Eye Surg Cntr of Middle TN	2	0	2	432	216
	Eye Surg Center of Nashville	1	1	2	2,631	1,316
	Gurley Surgery Center	0	3	3	302	101
	LVC Outpatient Surg Center	2	1	3	2,077	692
	Mid-State Endoscopy Center	0	3	3	2,631	877
	Nashville Endo Surg Center	0	3	3	2,655	885
	Nashville GI Endoscopy Cntr	0	2	2	2,640	1,320
	Nashville Surgery Center	5	1	6	4,126	688
	Nashville Vision Correction	1	0	1	166	166
	Northridge Surgery Center	5	2	7	2,863	409
	Premier Orthopaedic Surg Cntr	2	0	2	2,277	1,139
	Saint Thomas Campus Surgicare	6	1	7	7,446	1,064
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	2,530	843
	Southern Endoscopy Center	0	3	3	2,762	921
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3,608	1,804
	Summit Surgery Center	5	1	6	5,775	963
	Urology Surgery Center	3	3	6	6,705	1,118
	Wesley Ophthalmic Plastic Surg Cntr.	2	0	2	764	382
Williamson	Cool Springs Surgery Center	5	1	6	7,292	1,215
	Franklin Endoscopy Center	0	2	2	2,530	1,265
Rutherford	Mid-State Endoscopy Center	0	2	2	1,125	563
	Middle TN Ambulatory Surg Center	6	1	7	6,490	927
	Physicians Pavillion Surgery Center	4	1	5	2,864	573
	Surgicare of Murfreesboro Med Clinic	3	3	6	7,984	1,331
	Williams Surgery Center	1	0	1	65	65
	TOTAL PRIMARY SERVICE AREA			126	115,038	913

Table Nine-C: Southern Hills Surgery Center
Utilization of Surgery Centers in the Primary Service Area of This Project

	2011 Joint Annual Report of ASTC's					
County	Facility Name	O.R.'s	Procedure Rooms	Total Surgical Rooms	Total Cases	Cases Per Surgical Room
Davidson	American Endoscopy Center	1	1	2	602	301
	Associated Endoscopy	0	3	3	5,222	1,741
	Baptist Ambulatory Surg Center	6	1	7	7,304	1,043
	Baptist Plaza Surgicare	9	1	10	9,171	917
	Centennial Surgery Center	6	2	8	7,405	926
	Digestive Disease Endos Center	0	4	4	5,845	1,461
	Eye Surg Cntr of Middle TN	NR	NR	NR	NR	NR
	Eye Surg Center of Nashville	1	1	2	2,524	1,262
	Gurley Surgery Center	0	3	3	300	100
	LVC Outpatient Surg Center	2	1	3	1,902	634
	Mid-State Endoscopy Center	0	3	3	2,404	801
	Nashville Endo Surg Center	0	3	3	2,594	865
	Nashville GI Endoscopy Cntr	0	2	2	2,698	1,349
	Nashville Surgery Center	5	1	6	4,155	693
	Nashville Vision Correction	1	0	1	132	132
	Northridge Surgery Center	4	2	6	3,201	534
	Premier Orthopaedic Surg Cntr	2	0	2	2,382	1,191
	Saint Thomas Campus Surgicare	6	1	7	7,639	1,091
	Saint Thomas OP Neurosurgical Cntr.	2	1	3	2,469	823
	Southern Endoscopy Center	0	3	3	2,591	864
	Southern Hills Surgery Center	NR	NR	NR	NR	NR
	Saint Thomas Med Group Endos Cntr.	0	2	2	3,411	1,706
	Summit Surgery Center	5	1	6	6,505	1,084
	Urology Surgery Center	3	3	6	7,608	1,268
	Wesley Ophthalmic Plastic Surg Cntr.	2	0	2	754	377
Williamson	Cool Springs Surgery Center	5	1	6	6,501	1,084
	Franklin Endoscopy Center	0	2	2	2,527	1,264
	Williamson Surgery Center	4	1	5	3,410	682
Rutherford	Mid-State Endoscopy Center	0	2	2	134	67
	Middle TN Ambulatory Surg Center	6	1	7	6,264	895
	Physicians Pavillion Surgery Center	4	1	5	2,976	595
	Surgicare of Murfreesboro Med Clinic	4	3	7	7,655	1,094
	Williams Surgery Center	1	0	1	134	134
	TOTAL PRIMARY SERVICE AREA			129	118,419	918

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Tables Ten-A and Ten-B below provide the historical utilization of this facility from CY2006-CY2014, and project utilization through CY2021, the facility's first five years of operation at the new site.

In historical Table Ten-A, the data are ASTC cases. The facility operated two and a half years before suspending surgeries in mid-2008. The 1,390 cases in 2008 were for approximately a half-year. The 556 cases per room represents utilization for half a year.

The data for 2011-2014 are hospital GI endoscopy patients (not ASTC patients) whose cases were scheduled into the vacant capacity at the ASTC facility to free up hospital-based surgical rooms for other cases. The 2014 cases have been annualized based on January-October experience. These GI endoscopy cases have been included in the hospital's Joint Annual Reports for those years. The ASTC has not filed Joint Annual Reports for those years.

Table Ten-A: Southern Hills Surgery Center
Historical Utilization
CY2006-CY2014 Annualized

Year	Operating Rooms	Procedure Rooms	Total Rooms	Cases	Cases Per Room
2006	3	2	5	2,587	517
2007	3	2	5	2,519	504
2008	3	2	5	1,390	556
(ASTC Cases Suspended Pending Further Long Range Planning for the Facility)					
2011	3	2	5	2,206	441
2012	3	2	5	2,351*	470*
2013	3	2	5	2,429*	486*
2014	3	2	5	2,542*	508*

**Use of the ASTC By TriStar Southern Hills Medical Center for hospital outpatient cases*

Table Ten-B: Southern Hills Surgery Center Projected Utilization At Proposed New Location CY2017-CY2020					
Year	Operating Rooms	Procedure Rooms	Total Rooms	Cases	Cases Per Room
Yr 1 - 2017	3	2	5	3,170	634
Yr 2 - 2018	3	2	5	3,602	720
Yr 3 - 2019	3	2	5	3,710	742
Yr 4 - 2020	3	2	5	3,821	764
Yr 5 - 2021	3	2	5	3,936	787

Year One projections were made by HCA on the basis of physician interviews with Southern Hills administration and HCA Surgery Center Division staff. For Year Two a 13.6% increase was projected as physician activity ramps up; for subsequent years, an annual caseload increase of 3% was projected.

Table Ten-C below is the HCA Surgery Center Division's projection of Years One and Two cases by medical specialty.

Table Ten-C: Southern Hills Surgery Center Projected Utilization in Years One and Two By Specialty		
Surgical Specialty	Year One (CY 2017)	Year Two (CY 2018)
Otolaryngology (ENT)	370	420
General Surgery	282	320
Gastroenterology (Endo)	1,584	1,800
Gynecology	88	100
Podiatry	327	372
Urology	105	120
Neurology/Spine	264	300
Other	150	170
Totals	3,170	3,602

All of the projected Year One cases are expected to be moved to the ASTC from TriStar Southern Hills Medical Center, where they are now being performed as hospital outpatient surgeries. None of the projected cases depend on speculation about recruiting additional surgeons not currently on staff at Southern Hills; although this could occur by the time the relocated facility is completed.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

• ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.

• THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.

• THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.

• FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response, all costs were estimated by the Surgery Center Division of HCA, which has been assisting TriStar Southern Hills Medical Center plan a replacement facility for this ASTC. In making cost estimates the project architect was continuously involved.

Lines A.3 and A.4, site acquisition and improvement costs, are zero because the lessor and not the CON applicant is providing the site. The applicant is building out

shelled space for the project and the applicant's costs are in Sections A and C of the Chart.

Line B.2 is the fair market value of the facility being leased, calculated in the two alternative ways required by staff rules. The building value outlay was the larger of these two alternative calculations and was used in the Project Cost Chart. Please see the following page for calculation of the building value and lease outlay.

Line B.3 is the allocated value of 3.5 acres of an undivided tract of 14 acres within the larger 53-acre site acquired by Southpoint, LLC for future development. The 14 acres were valued by an appraiser in 2013 at $9,583,200. Allowing for a year's increase in value, the applicant estimated its current value at $10,000,000. Then the 3.5 acre site of the ASTC was valued using the following calculation:

3.5 acres / 14 acres X $10,000,000 = $2,500,000

Alternative A: Lease Outlay

$507,052 annual lease cost X 10 years in first lease term, with a 3% annual escalator after Year One, equals a lease outlay of $5,812,783 during the first lease term.

Alternative B: Building and Land Valuation

Estimated project costs, all of which will provided by the lessor = $5,575,220 for the building (see table below) and $2,500,000 allocated cost of the site, for a total of $8,075,220. Building expenditures are itemized below, using the CON form's cost categories. The land value is on line B.3 of the Project Cost Chart.

Lessor's Costs of Developing the Shelled Building for the Lessee/CON Applicant		
A. Construction & Equipment Purchased		
1. A&E Fees		$377,524
2. Legal, Administrative, Development Fees		$50,000
3. Acquisition of Site		
4. Preparation of Site		$1,750,000
5. Construction Cost		$2,444,715
6. Contingency		$419,472
7. Fixed Equipment		0
8. Moveable Equipment		0
9. Other (IT, telecomm., misc.)		$304,315
B. Acquisition by Gift, Donation, or Lease		
1. Facility (Building+Land)		0
2. Building Only		0
3. Land Only		0
4. Equipment (Specify)		0
5. Other (Specify)		0
C. Financing Costs & Fees		
1. Interim Interest		$229,194
2. Underwriting Costs		0
3. Reserve for 1 Yr Debt Service		0
4. Other (Specify)		0
D. Estimated Project Cost (A+B+C)		$5,575,220
E. CON Filing Fee		NA
F. Total Estimated Project Cost (D+E)		$5,575,220

PROJECT COSTS CHART—SOUTHERN HILLS SURGERY CENTER

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees		$ 366,707
2. Legal, Administrative, Consultant Fees (Excl CON Filing)		50,000
3. Acquisition of Site		0
4. Preparation of Site		0
5. Construction Cost		4,074,525
6. Contingency Fund		407,453
7. Fixed Equipment (Not included in Construction Contract)		3,394,851
8. Moveable Equipment (List all equipment over $50,000)		
9. Other (Specify)	Misc. fees, testing, cabling	345,108
	Information Systems / Telecommunication	225,000

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	
2. Building only	5,575,220
3. Land only	2,500,000
4. Equipment (Specify)	
5. Other (Specify)	

C. Financing Costs and Fees:

1. Interim Financing	380,001
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	

D. Estimated Project Cost (A+B+C) 17,318,865

E. CON Filing Fee 38,967

F. Total Estimated Project Cost (D+E) **TOTAL $** 17,357,832

Actual Capital Cost	9,282,612
Section B FMV	8,075,220

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

_____A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

_____B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

_____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

_____D. Grants--Notification of Intent form for grant application or notice of grant award;

__x___E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

_____F. Other--Identify and document funding from all sources.

All of the funds required to implement the project will be provided in the form of a cash transfer from HCA Holdings, Inc., through its Division office, TriStar Health System. The financial statements of HCA Holdings, Inc. are provided in the Attachments to the application.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, which is repeated here:

ASTC construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Table Three: Ambulatory Surgery Center Construction Cost PSF Years: 2011-2013			
	Renovated Construction	New Construction	Total Construction
1st Quartile	$95.04/sq ft	$174.88/sq ft	$113.55/sq ft
Median	$113.55/sq ft	$223.62/sq ft	$162.00/sq ft
3rd Quartile	$150.00/sq ft	$269.76/sq ft	$223.62/sq ft

Source: CON approved applications for years 2011 through 2013

This project's estimated construction cost in CY2013 is approximately $360 PSF overall, combining the cost of the lessor/developer for the shell building, and the cost of the CON applicant/lessee for finishing out the shell building as an ASTC.

Table Four: This Project's Construction Costs			
	Shell Construction by Lessor	**Build-out by Applicant/Lessee**	**Total Project**
Square Feet	18,109 SF	18,109 SF	18,109 SF
Construction Cost	$2,444,715	$4,074,525	$6,519,240
Constr. Cost PSF	$135	$225	$360

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

The Southern Hills Surgery Center has suspended surgical services, but retained its license, since 2008. Its Historical Data Chart for the years 2006-2008 is so outdated that it would likely be meaningless to the CON review process.

A Projected Data Chart for the project is provided following this page.

HISTORICAL DATA CHART FOR CY2007 – SOUTHERN HILLS SURGERY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins in January.

				Year 2007
	Cases			2,519
A.	Utilization Data			
B.	Revenue from Services to Patients			
1.	Inpatient Services	$		12,590,620
2.	Outpatient Services			
3.	Emergency Services			14
4.	Other Operating Revenue			
	(Specify) See notes page			
	Gross Operating Revenue	$ 0	$ 0	$ 12,590,634
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	$		10,146,213
2.	Provision for Charity Care			
3.	Provisions for Bad Debt			111,212
	Total Deductions	$ 0	$ 0	$ 10,257,425
NET OPERATING REVENUE		$ 0	$ 0	$ 2,333,209
D.	Operating Expenses			
1.	Salaries and Wages	$		1,104,011
2.	Physicians Salaries and Wages			
3.	Supplies			510,899
4.	Taxes			104,055
5.	Depreciation			433,999
6.	Rent			287,371
7.	Interest, other than Capital			
8.	Management Fees			
	a. Fees to Affiliates			120,000
	b. Fees to Non-Affiliates			
9.	Other Expenses (Specify) See notes page			345,570
	Total Operating Expenses	$		2,905,905
E.	Other Revenue (Expenses) -- Net (Specify)	$	$	$
NET OPERATING INCOME (LOSS)		$ 0	$ 0	$ (572,696)
F.	Capital Expenditures			
1.	Retirement of Principal	$	$	$
2.	Interest			200,949
	Total Capital Expenditures	$ 0	$ 0	$ 200,949
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$ 0	$ 0	$ (773,645)

NOTES TO HISTORIC DATA CHART

Line D9, Other Expenses:

Category of Expense	CY2007
Contract Services	$124,418
Repairs / Maintenance	$65,589
Utilities	$90,425
Insurance	$13,189
Misc. Expenses	$51,949
TOTAL	$345,570

PROJECTED DATA CHART-- SOUTHERN HILLS SURGERY CENTER

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins in January.

			Year One CY 2017	Year Two CY 2018
A.	Utilization Data	Cases	3,170	3,602
B.	Revenue from Services to Patients			
	1. Inpatient Services		$	$
	2. Outpatient Services		28,043,009	32,345,061
	3. Emergency Services			
	4. Other Operating Revenue (Specify)	See notes page		
		Gross Operating Revenue	$ 28,043,009	$ 32,345,061
C.	Deductions for Operating Revenue			
	1. Contractual Adjustments		$ 23,438,832	$ 27,034,561
	2. Provision for Charity Care		$ 140,215	$ 161,725
	3. Provisions for Bad Debt		$ 89,279	$ 102,975
		Total Deductions	$ 23,668,326	$ 27,299,262
NET OPERATING REVENUE			$ 4,374,683	$ 5,045,799
D.	Operating Expenses			
	1. Salaries and Wages and Benefits		$ 1,247,760	$ 1,450,304
	2. Physicians Salaries and Wages		$ 0	$ 0
	3. Supplies		$ 769,409	$ 909,301
	4. Taxes (Income Taxes)		$ 172,998	$ 260,324
	5. Depreciation		$ 455,606	$ 468,106
	6. Rent		$ 507,052	$ 522,264
	7. Interest, other than Capital		$ 0	$ 0
	8. Management Fees			
	a. Fees to Affiliates		$ 218,734	$ 252,290
	b. Fees to Non-Affiliates		$ 0	$ 0
	9. Other Expenses (Specify)	See notes page	$ 586,798	$ 641,435
	Dues, Utilities, Insurance, and Prop Taxes, Repairs/Maintence, Contract Srvcs, Other			
		Total Operating Expenses	$ 3,958,357	$ 4,504,023
E.	Other Revenue (Expenses) -- Net (Specify)		$ 0	$ 0
NET OPERATING INCOME (LOSS)			$ 416,326	$ 541,776
F.	Capital Expenditures			
	1. Retirement of Principal		$ 154,060	$ 165,197
	2. Interest		145,740	134,603
		Total Capital Expenditures	$ 299,800	$ 299,800
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES			$ 116,527	$ 241,976

NOTES TO PROJECTED DATA CHART

Line D8, Other Expenses:

Category of Expense	CY2017	CY2018
Professional Fees	$12,000	$12,000
Contract Services	$89,279	$102,975
Repairs/Maintenance	$98,207	$113,273
Property Taxes	$103,653	$110,309
Insurance	$14,264	$16,695
Utilities	$172,579	$177,756
Equipment Leases	$12,000	$12,600
Other	$84,815	$95,827
TOTAL	$586,798	$641,435

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Eleven: Average Charges, Deductions, and Net Charges		
	CY2017	**CY2018**
Cases	3,170	3,602
Average Gross Charge Per Case	$8,847	$8,980
Average Deduction Per Case	$7,467	$7,579
Average Net Charge (Net Operating Revenue) Per Case	$1,380	$1,401
Average Net Operating Income Per Case After Expenses	$131	$150

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

There are no current charges at this facility, which has suspended operation for several years pending a decision on relocation to a new site. Projected charges per case are shown in Table Eleven immediately above.

The most significant impact of the project is that the cost of services to payors (reimbursement to the ASTC) will decline significantly for Medicare cases and for many other insurors who follow Medicare's pricing policies. ASTC reimbursement for surgeries of many types can be 40% lower than hospital reimbursement for the same types of cases.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charge for this project is comparable to the average gross charges for multispecialty ASTC's operating in the primary service area. Table Eleven-A below shows several such facilities' average gross charges per case, as reported in their most recent 2013 Joint Annual Reports. However, this data is not highly useful, because it is not adjusted for case mix and the comparison is between 2013 charges and this project's charges in CY2017.

Table Eleven-A--Southern Hills Surgery Center
Comparison of CY2017 Charge Per Case to
CY2013 Charge per Case At Other Area ASTC Facilities

ASTC Facility	2013 Gross Charges	2013 Cases	2013 Average Gross Charge Per Case
Nashville Surgery Center	$44,106,887	4,292	$10,277
Saint Thomas Campus Surgicare	$53,406,803	7,137	$7,483
Summit Surgery Center	$69,034,425	5,474	$12,611
Baptist Plaza Surgicare	$70,267,656	8,094	$8,681
Surgicenter of Murf'sboro Med C.	$11,228,679	8,521	$1,318
Physicians Pavilion Surgery Center	$23,489,720	3,032	$7,477
This Project: Southern Hills Surgery Center (in CY2017)	$28,043,009	3,170	$8,847

The following page contains Table Eleven-B, showing the most frequent procedures to be performed, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

Table Eleven-B: Southern Hills Surgery Center
Charge Data for Most Frequently Performed Procedures

72

SPECIALTY: GI

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
45385	LESION REMOVAL COLONOSCOPY	$407.05	$9,597	$9,789	$9,985
43239	EGD BIOPSY SINGLE/MULTIPLE	$370.38	$7,220	$7,364	$7,512
45380	COLONOSCOPY AND BIOPSY	$407.05	$7,173	$7,316	$7,463
45378	DIAGNOSTIC COLONOSCOPY	$407.05	$4,133	$4,216	$4,300
43235	EGD DIAGNOSTIC BRUSH WASH	$370.38	$5,259	$5,364	$5,471

SPECIALTY: Podiatry

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
28285	REPAIR OF HAMMERTOE	$930.14	$17,775	$18,131	$17,775
28080	REMOVAL OF FOOT LESION	$930.14	$7,343	$7,490	$7,343
28296	CORRECTION OF BUNION	$1,444.10	$10,964	$11,183	$10,964
28825	PARTIAL AMPUTATION OF TOE	$930.14	$5,194	$5,298	$5,194
28290	CORRECTION OF BUNION	$1,444.10	$10,910	$11,128	$10,910

SPECIALTY: ENT

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
42820	REMOVE TONSILS AND ADENOIDS	$1,027.11	$6,403	$6,531	$6,662
69436	CREATE EARDRUM OPENING	$672.75	$10,968	$11,187	$11,411
30520	REPAIR OF NASAL SEPTUM	$1,027.11	$13,714	$13,988	$14,268
42826	REMOVAL OF TONSILS	$1,027.11	$4,797	$4,893	$4,991
42821	REMOVE TONSILS AND ADENOIDS	$1,027.11	$6,050	$6,171	$6,294

SPECIALTY: GENERAL

CPT	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current	Year 1	Year 2
11042	DEB SUBQ TISSUE 20 SQ CM/<	$151.81	10,145	10,348	10,555
47562	LAPAROSCOPIC CHOLECYSTECTOMY	$2,015.50	14,051	14,332	14,619
11043	DEB MUSC/FASCIA 20 SQ CM/<	$151.81	5,231	5,336	5,442
47563	LAPARO CHOLECYSTECTOMY/GRAPH	$2,015.50	14,508	14,798	15,094
49505	PRP I/HERN INIT REDUC >5 YR	$1,436.09	7,681	7,835	7,991

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The utilization of the facility will generate a positive cash flow in both Years One and Two, and is projected to operate with a modest positive margin as defined by the Projected Data Chart.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The utilization of the facility will generate a positive cash flow in both Years One and Two.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

In Year One (CY2017) Approximately 17% of gross revenues will be billed to Medicare; approximately 12% will be billed to TennCare/Medicaid. Indigent care is projected at 0.5% of gross revenues.

Table Twelve: Southern Hills Surgery Center
Projected Medicare and TennCare/Medicaid Revenues, Year One

	Medicare	TennCare/Medicaid
Gross Revenue	$4,851,441	$3,393,204
Percent of Gross Revenue	17.3%	12.1%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

The income statement and balance sheet for the funding entity, HCA Holdings, Inc., are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

As stated in previous sections, the applicant needs larger space conforming to the most current licensing codes and operational design standards; and the applicant needs to reduce its lease payments to unrelated third parties. The lessee cannot obtain 40% larger space in its present building, and it is highly unlikely that lease payments will be lowered in the future. So the alternative of staying in place is not a feasible option; relocation is necessary. The applicant is choosing to enter new building space to be developed by a sister HCA company, so that future lease payments will be recaptured by an HCA subsidiary. The site chosen is the best option because it is readily available from an affiliated company, provides equal or better access to the service area, and is favored by the medical staff.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Southern Hills Surgery Center is, and will remain, affiliated with HCA Health Services of Tennessee, the HCA Division office responsible for operations of HCA's Tennessee hospitals and surgery centers. It will remain specifically affiliated with TriStar Southern Hills Medical Center, with whom it will share surgical staff.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The project will place a new ambulatory care resource in a large and rapidly growing community (Brentwood/South Davidson County, a sector currently without a multispecialty ambulatory surgery center option. Moving several thousand annual cases from a hospital setting to an ASTC setting will lower the reimbursement costs paid by insurors, because ASTC reimbursement is much lower than hospital reimbursement for most Medicare procedures, and for many commercial insurors as well. As a surgery center, this facility will also be able to serve Blue Cross "S" Plan patients, a patient group that Blue Cross will not contract with HCA hospitals to serve. That improved accessibility will enlarge the pool of patients that Southern Hills' surgeons can serve in their preferred location. However, most of the ASTC's utilization is projected to come directly out of TriStar Southern Hills Medical Center's own surgical suites; so other facilities should not be significantly adversely impacted.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for Table Fourteen, projecting staffing and salary ranges for the relocated facility.

The Department of Labor and Workforce Development website indicates the following annual salary survey information about compensation for clinical employees of facilities in the greater Nashville area.

Table Thirteen: TDOL Surveyed Average Hourly Salaries for the Region				
Position	Entry Level	Mean	Median	Experienced
RN	$44,331	$59,109	$58,992	$65,441
Surgical Tech	$34,464	$43,085	$41,084	$49,542

Table Fourteen: Southern Hills Surgery Center
Projected Staffing

Position Type (RN, etc.)	Year One FTE's	Year Two FTE's	Salary Range (Annual)
Administrator	1.0	1.0	$100,000-$120,000
Business Office Manager	1.0	1.0	$50,000-$70,000
OR Manager	0.9	1.0	$60,000-$80,000
PACU Manager	0.0	0.0	$60,000-$80,000
Receptionist	0.9	1.0	$28,000-$34,000
Other Clerical	1.7	2.0	$32,000-$42,000
RN OR	3.5	4.0	$58,000-$72,000
Tech OR	3.5	4.0	$42,000-$52,000
RN PACU/Pre-Op	3.0	4.0	$58,000-$72,000
Other Clinical	2.5	3.0	$29,000-$35,000
Materials Manager	1.0	1.0	$38,000-$44,000
Total FTE's	19.0	22.0	

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The applicant, its affiliated HCA companies, and TriStar Southern Hills Medical Center are familiar with ASTC staffing requirements of the TDH Licensure program. There are few clinical staff needed to implement the project--approximately sixteen nursing and surgical tech FTE's. It is anticipated that most will be transferred to the relocated ASTC from the hospital's own staff, since most of the projected cases will come from the hospital.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Southern Hills Surgery Center is not currently involved in the training of students in the healthcare professions.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Board for Licensure of Healthcare Facilities
Tennessee Department of Health

CERTIFICATION: Medicare Certification from CMS
TennCare Certification from TDH

ACCREDITATION: AAAHC

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed by the Board for Licensing Health Care Facilities, and is certified for participation in Medicare and Medicaid/TennCare. It was fully accredited by AAAHC (Accreditation Association for Ambulatory Health Care).

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

NOV 14 '13 PM 2:47

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

February 25, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	6	3-1-15
2. Construction documents approved by TDH	96	6-1-15
3. Construction contract signed	110	6-15-15
4. Building permit secured	140	7-1-15
5. Site preparation completed	171	8-1-15
6. Building construction commenced	185	8-15-15
7. Construction 40% complete	307	12-15-15
8. Construction 80% complete	427	4-15-16
9. Construction 100% complete	549	8-15-16
10. * Issuance of license	564	9-1-16
11. *Initiation of service	594	10-1-16
12. Final architectural certification of payment	625	12-1-16
13. Final Project Report Form (HF0055)	685	2-1-17

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)
A.6	Site Control
B.II.A.	Square Footage and Costs Per Square Footage Chart
B.III.	Plot Plan
B.IV.	Floor Plan
C, Need--3	Service Area Maps
C, Economic Feasibility--1	Documentation of Construction Cost Estimate
C, Economic Feasibility--2	Documentation of Availability of Funding
C, Economic Feasibility--10	Financial Statements
C, Orderly Development--7(C)	Licensing & Accreditation Inspections
Miscellaneous Information	
Support Letters	

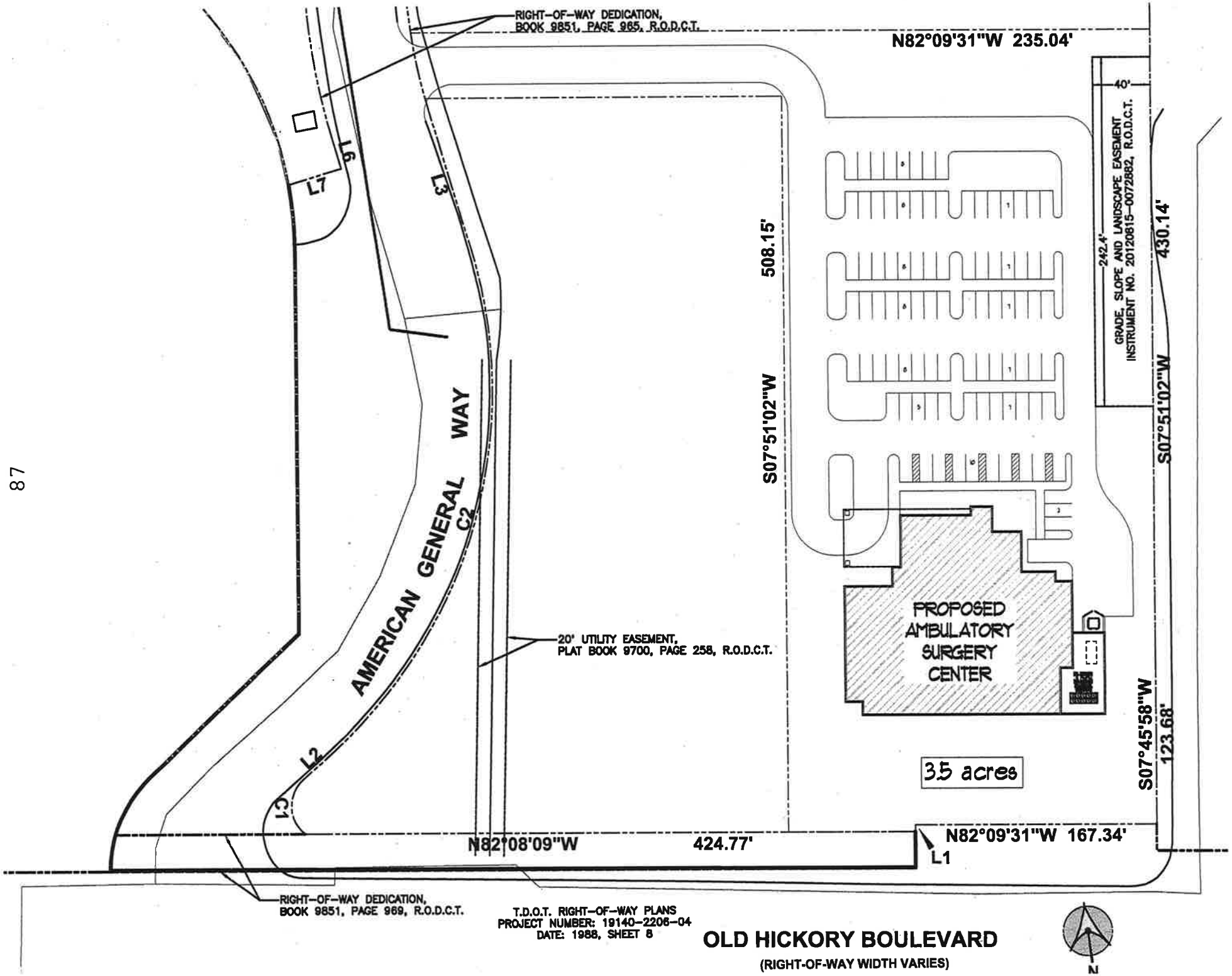
B.II.A.--Square Footage and Costs Per Square Footage Chart

SOUTHERN HILLS SURGERY CENTER / SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

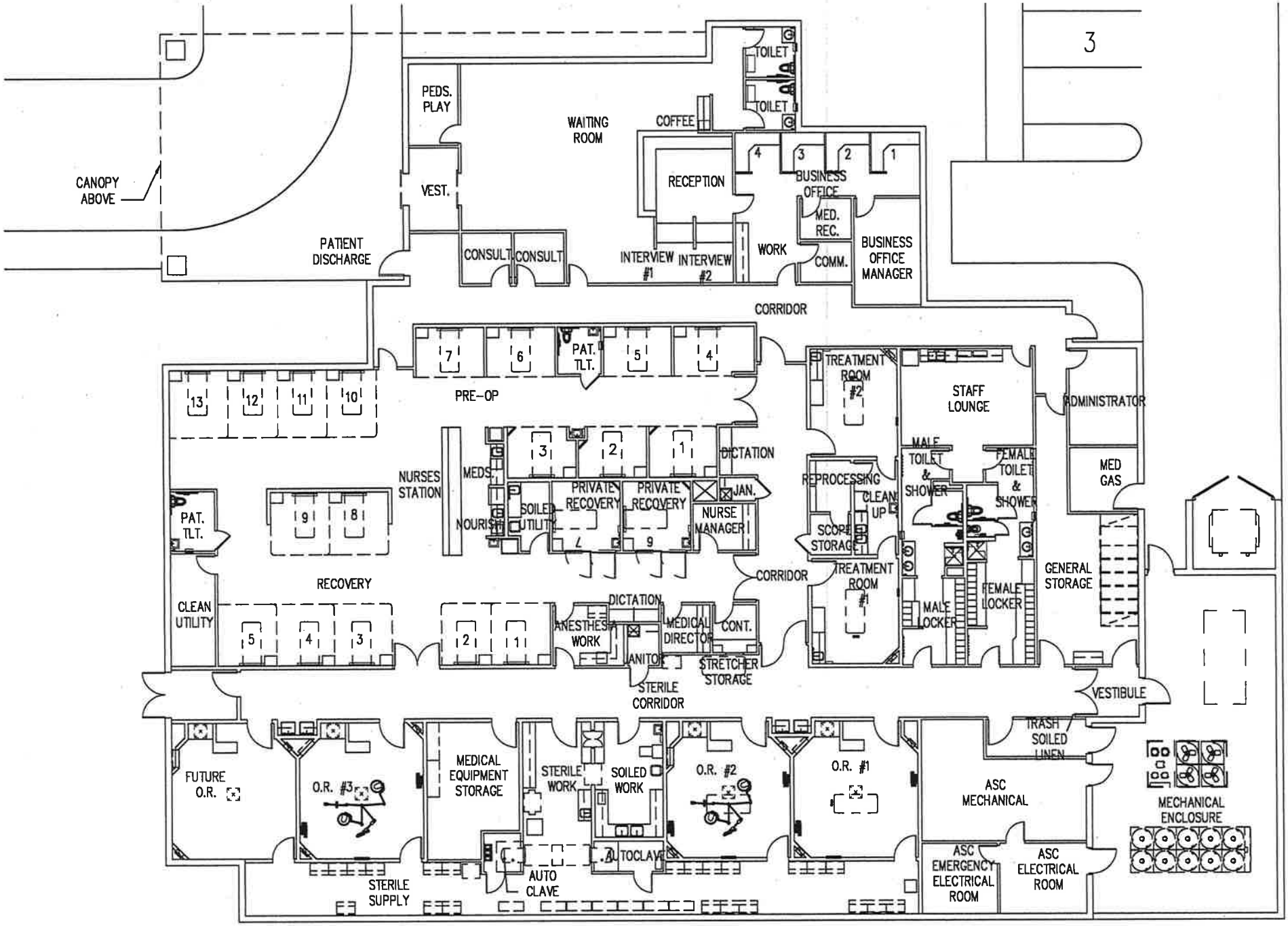
A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost / SF		
					Renovated	New	Total	Renovated	New	Total
BUILD OUT										
Waiting/Public						1,866	1,866		$225.00	$419,850.00
Business Office						970	970		$225.00	$218,250.00
Pre/Post Op						3,825	3,825		$225.00	$860,625.00
Treatment Rooms						744	744		$225.00	$167,400.00
Operating Suite						3,737	3,737		$225.00	$840,825.00
Support						2,927	2,927		$225.00	$658,575.00
B. Unit/Dept. GSF Sub-Total						14,069	14,069			$3,165,525.00
C. Mechanical / Electrical GSF						892	892		$225.00	$200,700.00
D. Circulation / Structure GSF						3,148	3,148		$225.00	$708,300.00
E. Build Out Total						18,109	18,109		$225.00	$4,074,525.00
SHELL BUILDING						18,109	18,109		$135.00	$2,444,715.00
F. Total GSF						18,109	18,109		$360.00	$6,519,240.00

SUPPLEMENTAL #1
November 25, 2014
8:45 am

B.III.--Plot Plan


RIGHT-OF-WAY DEDICATION,
BOOK 9851, PAGE 965, R.O.D.C.T.
N82°09'31"W 235.04'
40'
242.4'
GRADE, SLOPE AND LANDSCAPE EASEMENT
INSTRUMENT NO. 20120815-0072882, R.O.D.C.T.
430.14'
S07°51'02"W
508.15'
S07°51'02"W
L7
L6
L3
AMERICAN GENERAL WAY
C2
L2
C1
20' UTILITY EASEMENT,
PLAT BOOK 9700, PAGE 258, R.O.D.C.T.
PROPOSED
AMBULATORY
SURGERY
CENTER
35 acres
S07°45'58"W
123.68'
N82°08'09"W
424.77'
N82°09'31"W 167.34'
L1
RIGHT-OF-WAY DEDICATION,
BOOK 9851, PAGE 969, R.O.D.C.T.
T.D.O.T. RIGHT-OF-WAY PLANS
PROJECT NUMBER: 19140-2206-04
DATE: 1988, SHEET 8
OLD HICKORY BOULEVARD
(RIGHT-OF-WAY WIDTH VARIES)
N

B.IV.--Floor Plan



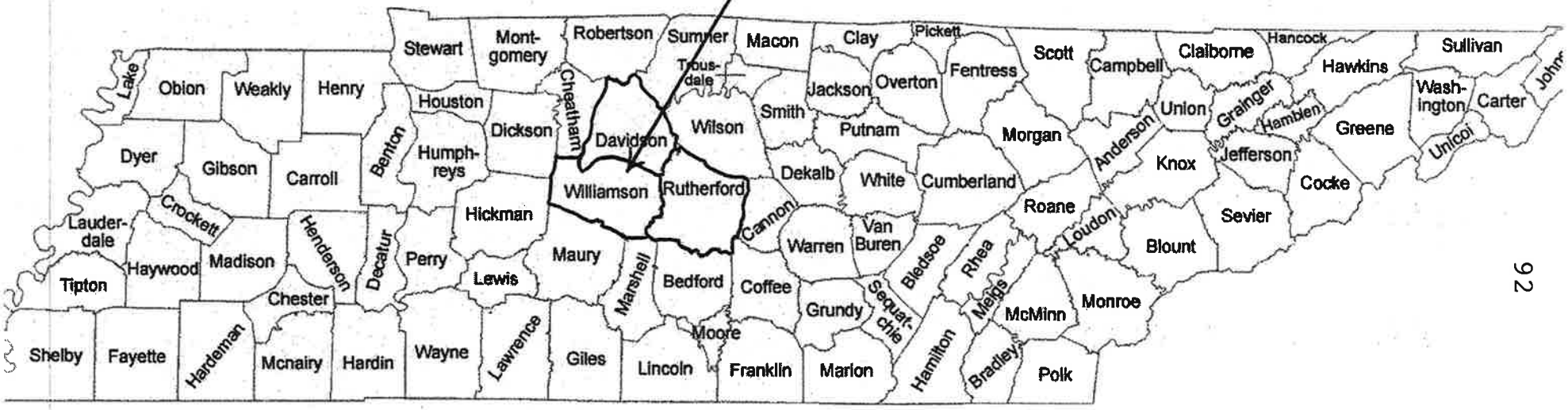
PROPOSED FLOOR PLAN

OCTOBER 24, 2014

C, Need--3
Service Area Maps

Gallatin
Millersville
Goodlettsville
Hendersonville
Old Hickory Lake
Ashland City
Cheatham Wildlife Management Area
MADISON
Lebanon
Mt Juliet
Nashville
J Percy Priest Reservoir
Forest Hills
Old Hickory Blvd
Project
ANTIOCH
Brentwood
LaVergne
Smyrna
Fairview
Franklin
Murfreesboro
College Grove
Spring Hill
Christiana
Columbia
t Pleasant
5 km
Map data ©2014 Google
Report a map error

SOUTHERN HILLS SURGERY CENTER
PRIMARY SERVICE AREA



C, Economic Feasibility--1
Documentation of Construction Cost Estimate

William E. Hereford, III Principal
Thomas Dooley Senior Principal

HEREFORD·DOOLEY
ARCHITECTS

October 24, 2014

RE: Southern Hills Surgery Center

To Whom It May Concern,

Hereford Dooley Architects, an architectural firm registered to practice in the state of Tennessee, has reviewed the cost data provided for the three (3) operating room, two (2) treatment room ambulatory surgery center. The stated construction cost is $4,074,525.00. It is our opinion that the proposed construction cost appears to be reasonable for this project type and size and compares favorably with other completed projects similar to this type and size. The proposed site will require extensive site work.

This is a summary of the current building codes enforced for this project:

International Building Code (IBC)	2006
International Fuel and Gas Code (IFGC)	2006
International Plumbing Code (IPC)	2006
International Mechanical Code (IMC)	2006
National Electrical Code (NEC)	2005
NFPA 101 Life Safety Code	2006
North Carolina Handicap Accessibilities Act with 2004 Amendments	1999
Americans with Disabilities Act	2010
AIA Guidelines for Design and Construction of Healthcare Facilities	2010

(We will utilize the 2014 AIA Guidelines when adopted by the State of Tennessee)

Respectfully,
Hereford Dooley Architects

Thomas A. Dooley AIA
tom.dooley@hdarchitects.com
Senior Principal

C, Economic Feasibility--2
Documentation of Availability of Funding

TriStar Health

TriStarHealth.com

110 Winners Circle, First Floor
Brentwood, TN 37027
(615) 886-4900

November 14, 2014

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
500 Deaderick Street
Nashville, Tennessee 37243

RE: Southern Hills Surgery Center CON Application--Replacement

Dear Mrs. Hill:

Southern Hills Surgery Center, an affiliate of TriStar Southern Hills Medical Center, is applying for a Certificate of Need to move to a new location within Davidson County.

There are two wholly-owned HCA subsidiaries that will develop the project. Southpoint, LLC will construct and lease a shelled building at a cost of approximately $5,600,000, and Surgicenter of Southern Hills, Inc. will lease, finish out and equip the building at a cost of approximately $9,283,000.

As President and Chief Financial Officer of TriStar Health System, the HCA Division Office to which this facility belongs, I am writing to confirm that HCA Holdings, Inc., the parent company for HCA and for the above named subsidiaries, will provide through TriStar the estimated $14,883,000 in capital costs required to implement this project. HCA Holdings, Inc.'s financial statements are provided in the application.

Sincerely,

Stephen E. Corbeil, FACHE
President
TriStar Health System, a Division of HCA

C. Eric Lawson
Chief Financial Officer
TriStar Health System, a Division of HCA

C, Economic Feasibility--10
Financial Statements

	8,036	91.0	7,879	93.4
Income before income taxes	800	9.0	555	6.6
Provision for income taxes	246	2.7	128	1.5
Net income	554	6.3	427	5.1
Net income attributable to noncontrolling interests	130	1.5	113	1.4
Net income attributable to HCA Holdings, Inc.	$424	4.8	$314	3.7
Diluted earnings per share	$0.92		$0.68	
Shares used in computing diluted earnings per share (000)	458,535		461,131	
Comprehensive income attributable to HCA Holdings, Inc.	$541		$297	

HCA Holdings, Inc.
Condensed Consolidated Comprehensive Income Statements
For the Years Ended December 31, 2013 and 2012
(Dollars in millions, except per share amounts)

	2013		2012	
	Amount	Ratio	Amount	Ratio
Revenues before provision for doubtful accounts	$38,040		$36,783	
Provision for doubtful accounts	3,858		3,770	
Revenues	34,182	100.0%	33,013	100.0%
Salaries and benefits	15,646	45.8	15,089	45.7
Supplies	5,970	17.5	5,717	17.3
Other operating expenses	6,237	18.2	6,048	18.3
Electronic health record incentive income	(216)	(0.6)	(336)	(1.0)
Equity in earnings of affiliates	(29)	(0.1)	(36)	(0.1)
Depreciation and amortization	1,753	5.1	1,679	5.1
Interest expense	1,848	5.4	1,798	5.4
Losses (gains) on sales of facilities	10	-	(15)	-
Loss on retirement of debt	17	0.1	-	-
Legal claim costs	-	-	175	0.5
	31,236	91.4	30,119	91.2
Income before income taxes	2,946	8.6	2,894	8.8
Provision for income taxes	950	2.8	888	2.7
Net income	1,996	5.8	2,006	6.1
Net income attributable to noncontrolling interests	440	1.2	401	1.2
Net income attributable to HCA Holdings, Inc.	$1,556	4.6	$1,605	4.9
Diluted earnings per share	$3.37		$3.49	
Shares used in computing diluted earnings per share (000)	461,913		459,403	
Comprehensive income attributable to HCA Holdings, Inc.	$1,756		$1,588	

HCA Holdings, Inc.
Supplemental Non-GAAP Disclosures
Operating Results Summary
(Dollars in millions, except per share amounts)

For the Years

	Fourth Quarter Ended December 31,			
	2013	2012	2013	2012
Revenues	**$8,836**	$8,434	**$34,182**	$33,013
Net income attributable to HCA Holdings, Inc.	**$424**	$314	**$1,556**	$1,605
Losses (gains) on sales of facilities (net of tax)	**(2)**	(6)	**7**	(9)
Loss on retirement of debt (net of tax)	**-**	-	**11**	-
Legal claim costs (net of tax)	**-**	110	**-**	110
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	**422**	418	**1,574**	1,706
Depreciation and amortization	**461**	425	**1,753**	1,679
Interest expense	**456**	462	**1,848**	1,798
Provision for income taxes	**245**	188	**959**	947
Net income attributable to noncontrolling interests	**130**	113	**440**	401
Adjusted EBITDA (a)	**$1,714**	$1,606	**$6,574**	$6,531
Diluted earnings per share:				
Net income attributable to HCA Holdings, Inc.	**$0.92**	$0.68	**$3.37**	$3.49
Losses (gains) on sales of facilities	**-**	(0.01)	**0.02**	(0.02)
Loss on retirement of debt	**-**	-	**0.02**	-
Legal claim costs	**-**	0.24	**-**	0.24
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	**$0.92**	$0.91	**$3.41**	$3.71
Shares used in computing diluted earnings per share (000)	**458,535**	461,131	**461,913**	459,403

(a) Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA should not be considered as measures of financial performance under generally accepted accounting principles ("GAAP"). We believe net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are important measures that supplement discussions and analysis of our results of operations. We believe it is useful to investors to provide disclosures of our results of operations on the same basis used by management. Management relies upon net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA as the primary measures to review and assess operating performance of its hospital facilities and their management teams.

Management and investors review both the overall performance (including:net income attributable to HCA Holdings)(including:Inc.)(including:excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and GAAP net income attributable to HCA Holdings, Inc.) and operating performance (Adjusted EBITDA) of our health care facilities. Adjusted EBITDA and the Adjusted EBITDA margin (Adjusted EBITDA divided by revenues) are utilized by management and investors to compare our current operating results with the corresponding periods during the previous year and to compare our operating results with other companies in the health care industry. It is reasonable to expect that losses (gains) on sales of facilities and losses on retirement of debt will occur in future periods, but the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our health care facilities and complicate period comparisons of our results of operations and operations comparisons with other health care companies.

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measures of financial performance under GAAP and should not be considered as alternatives to net income attributable to HCA Holdings, Inc. as a measure of operating performance or cash flows from operating, investing and financing activities as a measure of liquidity. Because net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measurements determined in accordance with GAAP and are susceptible to varying calculations, net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies.

HCA Holdings, Inc.
Condensed Consolidated Balance Sheets

(Dollars in millions)

	December 31, 2013	September 30, 2013	December 31, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	$414	$484	$705
Accounts receivable, net	5,208	4,924	4,672
Inventories	1,179	1,135	1,086
Deferred income taxes	489	400	385
Other	747	828	915
Total current assets	8,037	7,771	7,763
Property and equipment, at cost	31,073	30,472	29,527
Accumulated depreciation	(17,454)	(17,150)	(16,342)
	13,619	13,322	13,185
Investments of insurance subsidiaries	448	402	515
Investments in and advances to affiliates	121	125	104
Goodwill and other intangible assets	5,903	5,832	5,539
Deferred loan costs	237	250	290
Other	466	691	679
	$28,831	$28,393	$28,075
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current liabilities:			
Accounts payable	$1,803	$1,582	$1,768
Accrued salaries	1,193	1,085	1,120
Other accrued expenses	1,913	1,764	1,849
Long-term debt due within one year	786	988	1,435
Total current liabilities	5,695	5,419	6,172
Long-term debt	27,590	27,389	27,495
Professional liability risks	949	959	973
Income taxes and other liabilities	1,525	1,670	1,776
EQUITY (DEFICIT)			
Stockholders' deficit attributable to HCA Holdings, Inc.	(8,270)	(8,376)	(9,660)
Noncontrolling interests	1,342	1,332	1,319
Total deficit	(6,928)	(7,044)	(8,341)
	$28,831	$28,393	$28,075

HCA Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012
(Dollars in millions)

	2013	2012
Cash flows from operating activities:		
Net income	$1,996	$2,006
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities	(4,272)	(3,663)
Provision for doubtful accounts	3,858	3,770
Depreciation and amortization	1,753	1,679
Income taxes	143	96
Losses (gains) on sales of facilities	10	(15)
Loss on retirement of debt	17	-
Legal claim costs	-	175
Amortization of deferred loan costs	55	62

C, Orderly Development--7(C)
Licensing & Accreditation Inspections

SUPPORT LETTERS

EAR, NOSE & THROAT
Specialists of Nashville

Mark A. Williams, M.D., Ph.D
Emily L. Williard, FNP
Wendy B. Sumner Alexander, PA-C

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity.
Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Mark A. Williams, M.D., Ph.D
Otolaryngology

393 WALLACE ROAD, SUITE 202 • NASHVILLE, TENNESSEE 37211 • 615-832-2200 • FAX 615-832-2020
6688 NOLENSVILLE PIKE, SUITE 101 • BRENTWOOD, TENNESSEE 37027 • 615-832-2272 • FAX 615-832-2020
WWW.ENTSON.NET • WWW.VOICECARECENTER.COM

November 12, 2014

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Nashville, TN 37243

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Respectfully,

Signature:

Name: Maria Peralas

Medical Specialty:

November 12, 2014

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Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature:

Name: I. CLIFFORD RETIEF

Medical Specialty: PODIATRIC SURGERY

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

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Tennessee Health Services and Development Agency
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Respectfully,

Signature:

Name: Jeff Seebach, MD

Medical Specialty: General Surgeon

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

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Mark W. Shelton, M.D., FACS

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Respectfully,

Signature: Mark W. Shelton

Name: Mark W. Shelton MD

Medical Specialty: Vascular Surgery

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
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Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
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Nashville, TN 37243

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Respectfully,

Signature:
Name: S. Allos
Medical Specialty: G. Surgery

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
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Respectfully,

Signature: Thomas C. Krueger MD

Name: THOMAS C. KRUEGER MD, FACS

Medical Specialty: General, Vascular & Thoracic Surgery

TENNESSEE FOOT & ANKLE
SPECIALISTS

110

J. ALLEN SUDBERRY, D.P.M.

SOUTHERN HILLS MEDICAL CENTER
397 WALLACE RD., BLDG. C, STE. 311
NASHVILLE, TN 37211
PHONE 615-712-7366
FAX 615-712-7858

- **BOARD CERTIFIED IN FOOT SURGERY & RECONSTRUCTIVE REARFOOT/ANKLE SURGERY AMERICAN BOARD OF PODIATRIC SURGERY**
- **FELLOW, AMERICAN COLLEGE OF FOOT & ANKI SURGEONS**

November 12, 2014

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Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature: James A. Sudberry

Name: James A. Sudberry, DPM

Medical Specialty: Podiatry

TRISTAR MEDICAL GROUP
Gastroenterology Specialists
of Middle Tennessee

Jonathan Rotker, M.D., FACG Jonathan Benson, M.D. Anthony Montemuro, M.D.

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature:

Name: Jonathan Benson

Medical Specialty: Gastroenterology

397 Wallace Road, Suite 103
Nashville, Tennessee 37211
Phone (615) 831-5422

6716 Nolensville Pk. Suite 230
Brentwood, Tennessee 37027
Phone (615) 831-5422

300 Stonecrest Blvd, Suite 455
Smyrna, Tennessee 37167
Phone (615) 223-6606

TRISTAR MEDICAL GROUP
Gastroenterology Specialists
of Middle Tennessee

Jonathan Rotker, M.D., FACG Jonathan Benson, M.D. Anthony Montemuro, M.D.

November 12, 2014

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Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature: Jonathan D. Rotker MD FACG

Name: JONATHAN D. ROTKER MD, FACG

Medical Specialty: GASTROENTEROLOGY

397 Wallace Road, Suite 103
Nashville, Tennessee 37211
Phone (615) 831-5422

6716 Nolensville Pk. Suite 230
Brentwood, Tennessee 37027
Phone (615) 831-5422

300 Stonecrest Blvd, Suite 455
Smyrna, Tennessee 37167
Phone (615) 223-6606

NOV 14 '14 PM 2:47

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of November (Month), 2014 (Year) a Notary Public in and for the County/State of DAVIDSON

JAN M. DANFORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

NOTARY PUBLIC

My commission expires July 2, (Month/Day), 2018 (Year).

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ALL CLASSIFIED ADS are subject to the applicable rate card, copies of which are available from our Advertising Dept. All ads are subject to approval before publication. The Tennessean reserves the right to edit, refuse, reject, classify or cancel any ad at any time. Errors must be reported in the first day of publication. The Tennessean shall not be liable for any loss or expense that results from an error in or omission of an advertisement. No refunds for early cancellation of order.

When you want a new start, start looking in **The Tennessean Classifieds**. Every week in the Classifieds, people find jobs that let them by something new or improve their current skills. Either way, it's a change for the better.

careerbuilder

Public Notices

0000173325

REQUEST FOR QUALIFICATIONS

THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY (MNAA) is requesting Statements of Qualifications from engineering firms with extensive experience in Baggage Handling System for the **CIP 1507, Project Management of Outbound Baggage Load Balancing** project at the Nashville International Airport, Nashville, Tennessee.

ELECTRONIC STATEMENTS OF QUALIFICATIONS should be submitted through www.aerobidz.aero by 2:00 p.m. (local time) **December 9, 2014**. Free registration with aerobidz is available by contacting Nena Bowling at aerobidzregistration@nashintl.com. A complete RFQ package may be downloaded from www.aerobidz.aero on or before November 10, 2014.

The Small, Minority, and Women-owned Business Enterprise (SMWBE) participation level established for the DESIGN portion of this project will be a minimum of **ZERO PERCENT (0%) Race and Gender Neutral**. See **http://www.flynashville.com/business-diversity-development/Pages/default.aspx** for more information.

Visit **http://www.flynashville.com/business-opportunities/Pages/default.aspx** for more information about this solicitation.

When you sell your vehicle in **The Tennessean Classifieds**, you'll be surprised how fast it goes. Call 242-SALE to place your ad.

When you sell your vehicle in **The Tennessean Classifieds**, you'll be surprised how fast it goes. Call 242-SALE to place your ad.

Public Notices

0000167716

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance w T.C.A. Sections 68-11-1601 et seq., and the Rules of the Heal Services and Development Agency, that Southern Hills Surge Center (an ambulatory surgical treatment center), owned m managed by Surgicare of Southern Hills, (a corporation), leads to file an application for a Certificate of Need to reloca from 360 Wallace Road, Nashville, TN 37211, to leased space in building to be constructed at an unaddressed site in northeast corner of the intersection of Old Hickory Boulevar and American General Way, in Brentwood, Tennessee 372 This site is within Davidson County, adjoining Old Hickory Bou vard less than a mile east of the intersection of Old Hickory Bo levard and I-65. The facility will contain the same capacity it does at its current location—three operating rooms and two p cedure rooms. The project cost is estimated at $12,500,0 which includes the value of the land and building that will leased. The facility is currently licensed as an Ambulatory Sur cal Treatment Center by the Board for Licensing Health Care F cilities; and that licensure will continue at the new location. T project will not contain major medical equipment and will not fect any licensed bed complements.

The anticipated date of filing the application is on or before N vember 14, 2014. The contact person for the project is John Wi bors, who may be reached at Development Support Group, 4 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-20

Upon written request by interested parties, a Local Fact-Findi public hearing shall be conducted. Written requests for heari should be sent to:

Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1)(F), (A) any health care institution wishing to oppose a Certificate of Need application mu file a written objection with the Health Services and Develo ment Agency no later than fifteen (15) days before the regular scheduled Health Services and Development Agency meeting which the application is originally scheduled, and (B) any aff person wishing to oppose the application must file written obje tion with the Health Services and Development Agency at prior to the consideration of the application by the Agency.

SUPPLEMENTAL-#1
-Copy-

Southern Hills Surgery Center

CN1411-047

SUPPLEMENTAL #1
November 25, 2014
8:45 am

DSG Development Support Group

November 24, 2014

Phillip M. Earhart, HSD Examiner
Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1411-047
Southern Hills Surgery Center

Dear Mr. Earhart:

This letter responds to your November 20 request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. **Section A., Applicant Profile, Item 12**

   Please clarify how the existing Medicare and Medicaid certifications are current if the last cases at the ASTC were performed in 2008.

   To the best of our knowledge, there is nothing in the Medicare or Medicaid regulations that would cause a certification to lapse or terminate due to a lack of cases being performed. Southern Hills did not seek to terminate the certification since the intent was always to reactivate the license at the appropriate time.

   We believe that provider numbers are assigned indefinitely during the designated provider's existence as a licensed entity, and are not cancelled during a period of inactivity so long as the license remains in force.

   If that is no longer the case for either program when this proposed facility opens more than a year from now, the applicant will apply for a new provider number. For the present, however, both numbers listed in Part A of the application are believed to be valid.

4219 Hillsboro Road, Suite 203
Tel 615.665.2022
Fax 615.665.2042

SUPPLEMENTAL #1
November 25, 2014
8:45 am

2. Section A., Applicant Profile, Item 6

The option to lease is noted. Please include the expected term and monthly payments.

The submitted option document states on page 2, section 1.3b, that the term will be ten years and the annual rent will be $507,052 with an annual 3% escalator. Therefore, the monthly rent would be approximately $42,254 in Year One. Although that amount exceeds the applicant's lease payment for the current building, a significant savings will be realized at the new location because the applicant will be paying an affiliated HCA company, thus recapturing the payment for the parent company. In addition, a lease comparison would not be "apples to apples", because at the new location, the applicant will be leasing a new and much larger footprint, in conformity to current design standards and codes.

3. Section B, Project Description, Item I.

a. In CN0412-110A the applicant stated up to 49% ownership in the ASTC will be offered to the surgeons on the medical staff of Southern Hills Medical Center. Please clarify if physicians pulling out of the venture were the reason for closing the surgery center? What has changed that would result in physicians willing to invest in the ASTC now?

In 2008, TriStar Southern Hills Medical Center was experiencing decreases in utilization. Many physicians were moving their practices off of the hospital campus. Because of the lower surgery case volume, the hospital and the ASTC found themselves sharing a limited number of cases. Two commonly owned separate multispecialty surgical facilities close together on the same campus could not be justified. So the ASTC cases were brought back to the hospital temporarily, to operate more efficiently.

Today, in 2014, TriStar Southern Hills Medical Center is in a different and better position. Its parent company HCA has made significant capital investments in the campus to upgrade plant operation and equipment, and has made significant investments in physician recruitment and in expanding subspecialist coverage. As a result, the hospital has experienced greater volumes of inpatient surgery, and is experiencing increased medical staff demand for O.R. time during peak surgery hours.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

By re-activating the ASTC, and moving it to a larger space, many outpatient cases can be moved off of the hospital O.R. schedule, leaving more available time for inpatient cases. With growing caseloads, an expanded medical staff, and the prospect of a larger and better facility for ambulatory surgery, there is now strong renewed physician interest in participation. In fact, discussions with the surgery staff about re-syndicating the ASTC at a better location began in early 2014, well before HCA knew it could acquire the Old Hickory Boulevard site where this project will be constructed.

Relocating the ASTC to a more visible location near I-65 and Old Hickory Boulevard is very satisfactory to the surgical staff. Their patients' drive times from across the service area counties will be as good as they are now, on average.

b. Please clarify if the current license is in active or inactive status.

The license is inactive, and its status is subject to an annual review by the Licensure Board. Documentation is attached after this page.

c. Why did the applicant decide to move 5.5 miles from the current location?

The application has demonstrated that relocation is needed to obtain a larger facility that complies with current design standards. In planning a relocation, it was felt that it should be reasonably accessible to the surgical staff and to residents of its current service area counties, but need not remain on the hospital campus. Remaining in South Davidson County was a priority, however. For long-range development purposes, the applicant's parent company HCA acquired a large 53-acre tract of land 12 minutes west of the current site, with immediate access to an interstate highway and a major east-west roadway. TriStar Southern Hills Medical Center management saw that this would be an ideal location for the new surgery center. They requested, and were allocated, a portion of the tract with road frontage on Old Hickory Boulevard, which is this project's site.

Attached following this page is a map of Davidson County that shows how the proposed location is only a minimal shift of location well within South Davidson County.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH LICENSURE & REGULATION
OFFICE OF HEALTH CARE FACILITIES
665 MAINSTREAM DRIVE, SECOND FLOOR
NASHVILLE, TENNESSEE 37243
TELEPHONE (615) 741-7221
FAX (615) 741-7051

February 12, 2014

Jerry W. Taylor, Attorney
Stites & Harbison, PLLC
401 Commerce Street, Suite 800
Nashville, TN 37219

RE: Fifth Extension Waiver request – License Inactive Status
Southern Hills Surgery Center, Nashville; License #185

Dear Mr. Taylor:

The Board for Licensing Health Care Facilities met on January 23, 2014. The following request was granted:

> **A FIFTH EXTENSION WAIVER WAS GRANTED FOR TWELVE (12) MONTHS TO ALLOW SOUTHERN HILLS SURGERY CENTER'S LICENSE TO REMAIN ON INACTIVE STATUS THROUGH FEBRUARY 7, 2015.**

Board action was taken in accordance with Section 68-11-206, Chapter 11, Tennessee Code Annotated, which gives the Board authority to place a license in an inactive status.

Please notify this office in writing of any changes to prove that you are meeting the requirement that was waived.

If you have any questions you may contact this office at (615) 741-7221.

Sincerely,

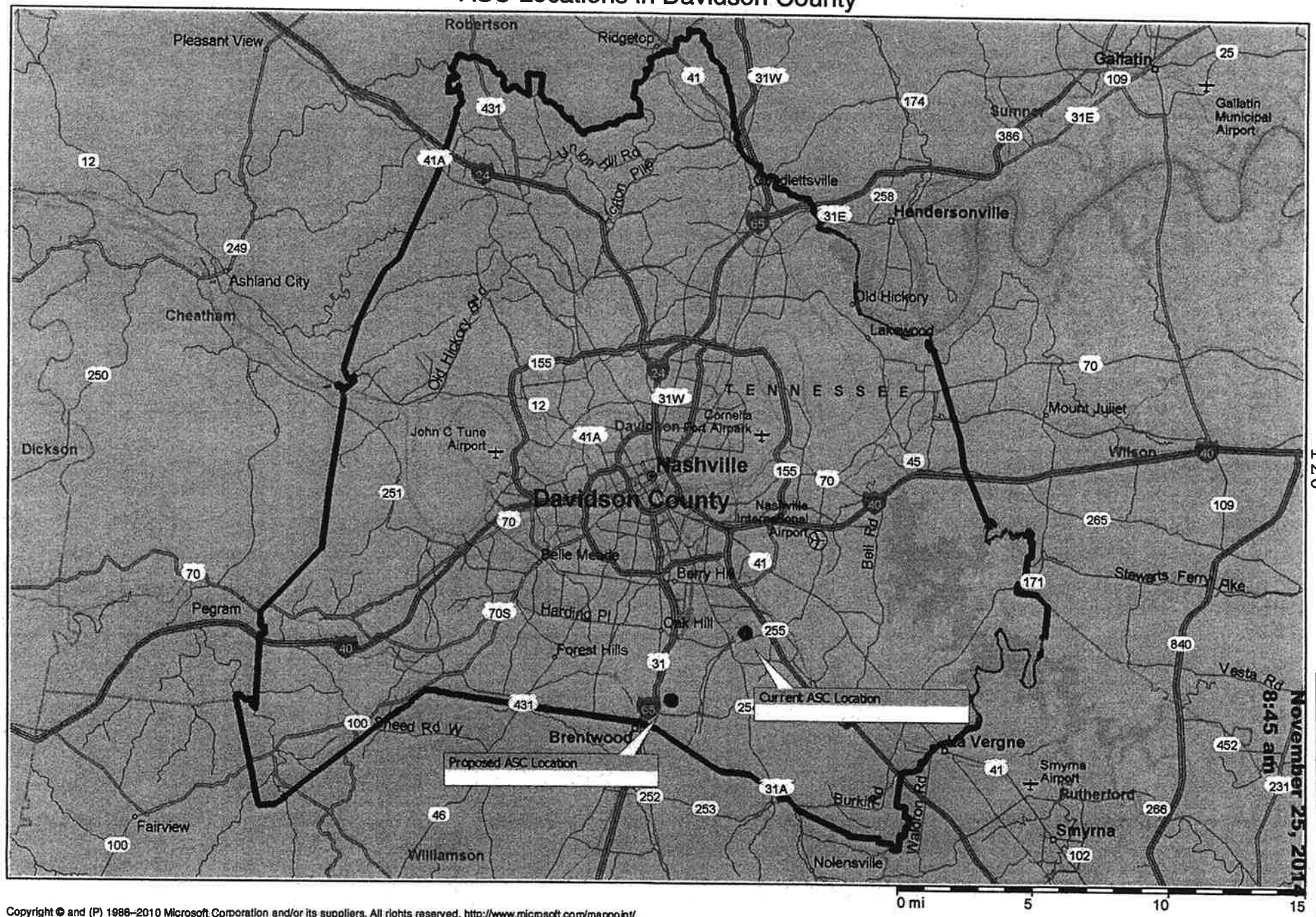
Ann R. Reed

Ann Rutherford Reed, RN, BSN, MBA
Director of Licensure
Division of Health Care Facilities

ARR/weh

cc: ETRO
File
Delores Willis

ASC Locations in Davidson County



November 25, 2014
8:45 am

SUPPLEMENTAL #1

120

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SUPPLEMENTAL #1
November 25, 2014
8:45 am

g. Can the applicant provide 2007 ASTC patient origin by zip code for Southern Hills Surgery Center? If so, please provide. If not available, please provide for the outpatient surgeries for Southern Hills Medical Center for the most recent year available.

On page 26 of the submitted application, Table Six provided projected patient origin by county for the relocated surgery center, based on the hospital's current outpatient surgery patient origin by county. That is logical, because the surgery center will reopen with cases transferred directly from the hospital campus. The hospital data included all hospital GI cases performed in the ASTC building across Wallace Road.

Following this page are zip code-based supplemental tables supporting that projection. They show that the hospital's current zip code-based patient origin for outpatient surgeries does not differ significantly from the 2007 patient origin of the ASTC.

Supplemental Table One-A provides the current zip code-level patient origin data for all outpatient surgeries performed in 2013-2014 at Tri-Star Southern Hills Medical Center (including endoscopies).

Supplemental Table One-B provides the 2007 zip-code-level patient origin data for all surgeries performed at the ASTC.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

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Supplemental Table One-A: Southern Hills Medical Center
November 2013-October 2014 Patient Origin By Zip Code--All Outpatient Surgeries
For Zip Codes Contributing 10 or More Patients

Zip Code and Post Office	County of Post Office	Patients	Cumulative Patients	% By Zip Code	Cumulative %
37211 - NASHVILLE	DAVIDSON	551	551	22.74%	22.74%
37013 - ANTIOCH	DAVIDSON	462	1,013	19.07%	41.81%
37217 - NASHVILLE	DAVIDSON	141	1,154	5.82%	47.63%
37167 - SMYRNA	RUTHERFORD	110	1,264	4.54%	52.17%
37086 - LA VERGNE	RUTHERFORD	86	1,350	3.55%	55.72%
37027 - BRENTWOOD	WILLIAMSON	80	1,430	3.30%	59.02%
37210 - NASHVILLE	DAVIDSON	62	1,492	2.56%	61.58%
37214 - NASHVILLE	DAVIDSON	59	1,551	2.43%	64.01%
37135 - NOLENSVILLE	DAVIDSON	47	1,598	1.94%	65.95%
37076 - HERMITAGE	DAVIDSON	31	1,629	1.28%	67.23%
37122 - MOUNT JULIET	DAVIDSON	30	1,659	1.24%	68.47%
37206 - NASHVILLE	DAVIDSON	30	1,689	1.24%	69.71%
37207 - NASHVILLE	DAVIDSON	29	1,718	1.20%	70.90%
37115 - MADISON	DAVIDSON	28	1,746	1.16%	72.06%
37209 - NASHVILLE	DAVIDSON	27	1,773	1.11%	73.17%
37129 - MURFREESBORO	RUTHERFORD	27	1,800	1.11%	74.29%
37064 - FRANKLIN	WILLIAMSON	26	1,826	1.07%	75.36%
37221 - NASHVILLE	DAVIDSON	23	1,849	0.95%	76.31%
37130 - MURFREESBORO	RUTHERFORD	22	1,871	0.91%	77.22%
37128 - MURFREESBORO	RUTHERFORD	21	1,892	0.87%	78.08%
38401 - COLUMBIA	MAURY	20	1,912	0.83%	78.91%
37204 - NASHVILLE	DAVIDSON	20	1,932	0.83%	79.74%
37174 - SPRING HILL	MAURY	19	1,951	0.78%	80.52%
37075 - HENDERSONVILLE	DAVIDSON	18	1,969	0.74%	81.26%
37208 - NASHVILLE	DAVIDSON	17	1,986	0.70%	81.96%
37091 - LEWISBURG	MARSHALL	16	2,002	0.66%	82.62%
37067 - FRANKLIN	WILLIAMSON	16	2,018	0.66%	83.28%
37220 - NASHVILLE	DAVIDSON	15	2,033	0.62%	83.90%
37127 - MURFREESBORO	RUTHERFORD	15	2,048	0.62%	84.52%
37072 - GOODLETTSVILLE	DAVIDSON	14	2,062	0.58%	85.10%
37087 - LEBANON	WILSON	14	2,076	0.58%	85.68%
37218 - NASHVILLE	DAVIDSON	14	2,090	0.58%	86.26%
37138 - OLD HICKORY	DAVIDSON	14	2,104	0.58%	86.83%
37216 - NASHVILLE	DAVIDSON	12	2,116	0.50%	87.33%
37160 - SHELBYVILLE	BEDFORD	11	2,127	0.45%	87.78%
37172 - SPRINGFIELD	ROBERTSON	11	2,138	0.45%	88.24%
37203 - NASHVILLE	DAVIDSON	10	2,148	0.41%	88.65%
OTHER ZIP CODES , <10 PATIENTS		275	2,423	11.35%	100.00%
TOTAL OUTPATIENT SURGERIES		2,423			

Note: Some of the unlisted " other" zip code are also based in Davidson, Rutherford, and Wilson Counties.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

Supplemental Table One-B: Southern Hills Surgery Center
2007 Patient Origin by Zip Code
For Zip Codes Contributing 10 or More Patients

Zip Code	Post Office	County of Post Office	Patients	Cumulative Patients	% by Zip Code	Cumulative %
37211	NASHVILLE	DAVIDSON	573	573	22.75%	22.75%
37013	ANTIOCH	DAVIDSON	527	1100	20.92%	43.67%
37217	NASHVILLE	DAVIDSON	176	1276	6.99%	50.66%
37027	BRENTWOOD	WILLIAMSON	148	1424	5.88%	56.53%
37086	LA VERGNE	RUTHERFORD	133	1557	5.28%	61.81%
37167	SMYRNA	RUTHERFORD	123	1680	4.88%	66.69%
37214	NASHVILLE	DAVIDSON	51	1731	2.02%	68.72%
37129	MURFREESBORO	RUTHERFORD	50	1781	1.98%	70.70%
37135	NOLENSVILLE	WILLIAMSON	44	1825	1.75%	72.45%
37210	NASHVILLE	DAVIDSON	42	1867	1.67%	74.12%
37064	FRANKLIN	WILLIAMSON	40	1907	1.59%	75.70%
37220	NASHVILLE	DAVIDSON	34	1941	1.35%	77.05%
37122	MOUNT JULIET	WILSON	28	1969	1.11%	78.17%
37128	MURFREESBORO	RUTHERFORD	27	1996	1.07%	79.24%
37076	HERMITAGE	DAVIDSON	26	2022	1.03%	80.27%
37067	FRANKLIN	WILLIAMSON	24	2046	0.95%	81.22%
37206	NASHVILLE	DAVIDSON	24	2070	0.95%	82.18%
37221	NASHVILLE	DAVIDSON	23	2093	0.91%	83.09%
37130	MURFREESBORO	RUTHERFORD	22	2115	0.87%	83.96%
37209	NASHVILLE	DAVIDSON	22	2137	0.87%	84.84%
37138	OLD HICKORY	DAVIDSON	17	2154	0.67%	85.51%
37174	SPRING HILL	MAURY	17	2171	0.67%	86.18%
37069	FRANKLIN	WILLIAMSON	14	2185	0.56%	86.74%
37207	NASHVILLE	DAVIDSON	14	2199	0.56%	87.30%
38401	COLUMBIA	MAURY	14	2213	0.56%	87.85%
37216	NASHVILLE	DAVIDSON	13	2226	0.52%	88.37%
37075	HENDERSONVILLE	SUMNER	12	2238	0.48%	88.84%
37015	ASHLAND CITY	CHEATHAM	11	2249	0.44%	89.28%
37072	GOODLETTSVILLE	DAVIDSON	11	2260	0.44%	89.72%
37204	NASHVILLE	DAVIDSON	11	2271	0.44%	90.15%
37215	NASHVILLE	DAVIDSON	11	**2282**	0.44%	**90.59%**
OTHER ZIP CODES < 10 PATIENTS			237	2,519	9.41%	100.00%
TOTAL SURGERIES			2,519			

Note: Some of the unlisted " other" zip code are also based in Davidson, Rutherford, and Wilson Counties.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

Page Six
November 24, 2014

h. Are there other locations closer to Southern Hills that could be viable options for relocation?

None was identified. During 2013 HCA began searching for a large tract of land in South Davidson County for multi-use development, not for an ASTC site. When HCA acquired the 53 acres of AIG property on Old Hickory Boulevard, a corner of that property was empty and immediately developable. It made sense for Southern Hills management to focus on that site where it would be able to lease its ASTC space from an HCA-owned lessor.

i. What is the current surgical volume at 360 Wallace Road, Nashville (Davidson County) TN 37211?

Table Ten-A on page 34 of the application provides 2011-2014 cases at that location (the ASTC building). The CY2014 cases were annualized based on January through October. The hospital expects to perform more than 2,500 endoscopic cases in that building during CY2014.

k. When will the lease expire at 360 Wallace Road?

It will expire on January 31, 2020.

l. Please complete the following chart:

ASTC Locations	OR#1 SF	OR#2 SF	OR#3 SF	PR#1 SF	PR#2 SF	Licensure Standard OR	Licensure Standard PR
360 Wallace Road	318 SF	317 SF	321 SF	319 SF	237 SF	400 SF	150
New Proposed Location	415 SF	415 SF	415 SF	237 SF	237 SF		

Note:
1. In the submitted application the hospital estimated the existing ASTC OR's at approximately 340 SF. The architect has done on-site measurement now and those rooms average 319 SF as shown in the table. Therefore, the new O.R.'s will be 30% larger in floor space, rather than the 22% figure cited on page 15 of the application. There will also be a 75% increase in pre-op stations (7, not 4).
2. The Licensure category for a procedure room is changing to "Class A operating room/minimal anesthesia".

d. Why did the applicant decide to cease operations at the Southern Hills Surgery Center in 2008?

Please see response 3a above. In 2008, there was far too much surgical capacity available in the ASTC and hospital suites. Keeping two facilities open on the same campus did not make sense at that time. The economy was depressed; fewer elective surgeries were being requested. At that time (unlike today) the hospital had sufficient surgical capacity to absorb the ASTC's caseloads. So operation of the ASTC was suspended.

e. If there have been no surgeries at Southern Hills Surgery Center for the past 6 years, why is it needed now?

As discussed above, re-opening of the ASTC now has strong medical staff support and it will provide two areawide benefits: greater accessibility for some areas of southern Davidson County and northern Williamson County; and lower costs for payors due to the lower reimbursement schedules in effect for ASTC's.

The hospital will also benefit from moving cases out of the hospital surgical rooms. This will free up O.R. time at peak periods for inpatient cases, which helps the medical staff. The active medical staff has 39 surgeons now compared to 20 in 2008. This includes 7 neurosurgeons. More surgeons will be coming on staff in the near future. The hospital's ability to schedule inpatient surgeries at optimal times is limited by a shortage of pre-op and PACU/post-op support space, by surgeons' unwillingness to utilize one O.R. with inefficient configuration, and by the number of outpatient surgeries in the O.R. suite.

f. Where are Tri-Star patients that require outpatient surgeries in the Southern Hills area referred to now?

They typically are served in the TriStar Southern Hills Medical Center's O.R.'s. Patients whose insurance coverage does not extend to the hospital (such as Blue Cross "Plan S" enrollees) will be referred to another facility. The applicant has no information on where those patients are referred. That information is privately held in physician practices and is not available.

One benefit of moving many outpatient cases back into a reactivated ambulatory surgery center is that under the TriStar contract with Blue Cross, the hospital's surgical staff will be able to serve Blue Cross Plan S enrollees in the ASTC, which they cannot do in the hospital.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

m. Southern Hills Surgery Center (CN0412-110) was approved in February 2005 by the Agency. When did the ASTC open and close? When did it reopen as a department of the hospital?

The ASTC was licensed and became operational on July 26, 2005. It ceased to perform cases as an ASTC on November 5, 2008. The hospital began using it for hospital endoscopy cases on February 28, 2011.

n. In CN0412-110A the applicant stated the Southern Hills Surgery Center, LP project was needed to help alleviate the hospital campus' significant problems of physical accessibility due to congested parking on its constrained hilltop site. If this application is approved to relocate the ASTC, will those physical accessibility problems arise again on the main hospital campus of Southern Hills? Please clarify if physical accessibility issues have resurfaced since the closure of the ASTC in 2007.

After the ASTC closed in 2008, there were some traffic, parking, and pedestrian issues; and as the hospital grows in utilization these will increase. However, to mitigate them, the hospital now provides roving transport to ferry visitors from their parking spaces to the hospital and its medical office buildings. And the hospital now has a large parking lot on the south edge of its campus that almost always has ample parking space available.

The current "Endoscopy Center" building will close in CY2016 once the new surgery center is open. Some of those endoscopy cases and their associated traffic will come back into the hospital campus. However, at the same time, an equal number of other outpatient cases will move out of the hospital surgical suite into the new ASTC location. These shifts of outpatients will offset one another, so the project will not exacerbate traffic at the hospital campus.

o. Why did the applicant continue to lease the building at 360 Wallace Road, Nashville, TN for almost 7 years after the ASTC was shut down?

First, because its lease remains in force through January 2020. Second, because it was a physical asset that the hospital could rent and utilize to take endoscopy cases out of the hospital surgical suite, opening up more O.R. time for inpatient cases. Third, because the hospital has always intended to relocate it with a new syndication--once medical staff interest renewed, and surgical volumes made it feasible, and a site could be acquired.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

p. In CN0412-110A the applicant stated the impact of Southern Hills Surgery Center, LP project will primarily be on Southern Hills Medical Center itself, being a redeployment of Southern Hills' cases within its own campus. In addition, the applicant stated the projected case load of the facility amounted to approximately half of the surgical case volume at Southern Hills Medical Center in 2003 and almost two-thirds of the outpatient case volume. Please clarify if the surgical cases mentioned above remained at SHMC after approval of CN0412-110A. If not, where were the surgeries performed?

That 2004 ASTC application projected case volumes of 2,720 and 3,400 cases in its first two full years of operation. The ASTC achieved case volumes of 2,587 and 2,819 cases in its first two full calendar years of operation (2006-2007). The shortfall in cases presumably remained in the hospital. The applicant has no way of knowing where else those patients may have been served, or how many there were.

q. Please clarify how the hospital operated an endoscopy center at the Southern Hills Surgery Center which is licensed as an ASTC?

T.C.A. §68-11-209(f) authorizes a hospital to provide outpatient therapeutic and diagnostic services on a site located outside of its main campus without a waiver or approval of the BLHCF. Since the ASTC license is on inactive status, we are aware of no prohibition against performing hospital-based services in the building. A Joint Commission survey of the hospital was conducted in June, 2013 and no deficiency or concern about this practice was noted. See the letter attached following this page.

From the Federal perspective, in 2011 the hospital notified Medicare of its intent to use the vacant ASTC facility for endoscopic cases; excerpts from that document are attached following the Joint Commission letter after this page.

So the hospital is appropriately (a) operating this building as a department of the hospital, and (b) reporting its cases in the hospital Joint Annual Reports.

r. Please clarify if the hospital reported endoscopy cases performed in a licensed ASTC as being performed in a hospital setting in the Joint Annual Reports.

Yes. Those cases were included in the hospital's Joint Annual Reports from 2008 through 2013.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

June 24, 2013

Thomas Ozburn
CEO
Southern Hills Medical Center
391 Wallace Road
Nashville, TN 37211

Joint Commission ID #: 7890
Program: Hospital Accreditation
Accreditation Activity: Unannounced Full Event
Accreditation Activity Completed: 06/12/2013

Dear Mr. Ozburn:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high - quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

With that goal in mind, your organization received Requirement(s) for Improvement during its recent survey. These requirements have been summarized in the Accreditation Report provided by the survey team that visited your organization.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

SUPPLEMENTAL #1
November 25, 2014
8:45 am

Southern Hills Medical Center

TRISTAR HEALTH SYSTEM

Via Federal Express

June 23, 2011

Cahaba GBA Part A Provider Enrollment
Attn: Provider Audit and Reimbursement
300 Corporate Parkway
Birmingham, AL 35242

Re: Southern Hills Medical Center

To Whom It May Concern:

Enclosed please find the relevant sections of the Medicare enrollment application (CMS-855A) for Southern Hills Medical Center. This change of information is being submitted to address the following:

1. Effective February 28, 2011, Southern Hills Medical Center moved our OP endoscopy department to a new practice location off campus.
2. We updated Section 1 to request the change of Medicare information and practice location information.
3. Section 2B1 was completed per instructions for Southern Hills Medical Center.
4. On Section 3 the practice location for the Tristar Endoscopy Center was added with an open date of February 28, 2011.
5. In Section 4 A the practice location information was updated for the new location address and phone number.
6. In Section 4 B we added the P.O. Box to which special payments and remittance notices should be sent.

If you have questions regarding the above, do not hesitate to contact me at (615) 781-4150 or by e-mail at john.porada@hcahealthcare.com. Thank you for your attention to this matter.

Sincerely,

John T. Porada
Chief Financial Officer

lc

Enclosure

SUPPLEMENTAL #1
November 25, 2014
8:45 am

SECTION 15: CERTIFICATION STATEMENT (Continued)

B. 1ST AUTHORIZED OFFICIAL SIGNATURE

I have read the contents of this application. My signature legally and financially binds this provider to the laws, regulations, and program instructions of the Medicare program. By my signature, I certify that the information contained herein is true, correct, and complete, and I authorize the Medicare fee-for-service contractor to verify this information. If I become aware that any information in this application is not true, correct, or complete, I agree to notify the Medicare fee-for-service contractor of this fact immediately.

If you are changing, adding, or deleting information, check the applicable box, furnish the effective date, and complete the appropriate fields in this section.

CHECK ONE	❑ CHANGE	❑ ADD	❑ DELETE
DATE (mm/dd/yyyy)			

Authorized Official's Information and Signature

First Name	Middle Initial	Last Name	Suffix *(e.g., Jr., Sr.)*
THOMAS	H.	OZBURN	

Telephone Number	Title/Position
(615) 781-4150	CEO

Authorized Official Signature *(First, Middle, Last Name, Jr., Sr., M.D., D.O., etc.)*	Date Signed *(mm/dd/yyyy)*
	6/23/11

C. 2ND AUTHORIZED OFFICIAL SIGNATURE

I have read the contents of this application. My signature legally and financially binds this provider to the laws, regulations, and program instructions of the Medicare program. By my signature, I certify that the information contained herein is true, correct, and complete, and I authorize the Medicare fee-for-service contractor to verify this information. If I become aware that any information in this application is not true, correct, or complete, I agree to notify the Medicare fee-for-service contractor of this fact immediately.

If you are changing, adding, or deleting information, check the applicable box, furnish the effective date, and complete the appropriate fields in this section.

CHECK ONE	❑ CHANGE	❑ ADD	❑ DELETE
DATE (mm/dd/yyyy)			

Authorized Official's Information and Signature

First Name	Middle Initial	Last Name	Suffix *(e.g., Jr., Sr.)*

Telephone Number	Title/Position

Authorized Official Signature *(First, Middle, Last Name, Jr., Sr., M.D., D.O., etc.)*	Date Signed *(mm/dd/yyyy)*

All signatures must be original and signed in ink. Applications with signatures deemed not original will not be processed. Stamped, faxed or copied signatures will not be accepted.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

SECTION 1: BASIC INFORMATION

A. Check one box and complete the required sections

REASON FOR APPLICATION	BILLING NUMBER INFORMATION	REQUIRED SECTIONS
❑ You are a **new enrollee** in Medicare	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	**Complete all** sections except **2F, 2G,** and **2H**
❑ You are enrolling with another fee-for-service contractor's jurisdiction ❑ You are **reactivating** your Medicare enrollment	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	**Complete all** sections except **2F, 2G,** and **2H**
❑ You are **voluntarily terminating** your Medicare enrollment	Effective Date of Termination: Medicare Identification Number that is terminating *(if issued)*: NPI *(if issued)*:	**Complete sections:** **1, 2B1, 13,** and either **15** or **16**
❑ There has been a **Change of Ownership (CHOW)** of the Medicare-enrolled provider You are the: ❑ Seller/Former Owner ❑ Buyer/New Owner	Medicare Identification Number *(if issued)*: NPI: Tax Identification Number:	**Seller/Former Owner:** **1A, 2F, 13,** and either **15** or **16** **Buyer/New Owner:** **Complete all** sections except **2G** and **2H**
❑ Your organization has taken part in an **Acquisition** or **Merger** You are the: ❑ Seller/Former Owner ❑ Buyer/New Owner	Medicare Identification Number of the Seller/Former Owner *(if issued)*: NPI: Tax Identification Number:	**Seller/Former Owner:** **1A, 2G, 13,** and either **15** or **16** **Buyer/New Owner:** **1A, 2G, 4, 13,** and either **15** (if you are the authorized official) or **16** (if you are the delegated official), and **6** for the signer if that authorized or delegated official has not been established for this provider.
❑ Your organization has **Consolidated** with another organization You are the: ❑ Former organization ❑ New organization	Medicare Identification Number of the Seller/Former Owner *(if issued)*: NPI: Tax Identification Number:	**Former Organizations:** **1A, 2H, 13,** and either **15** or **16** **New Organization:** **Complete all** sections except **2F** and **2G**
☑ You are **changing** your Medicare information	Medicare Identification Number *(if issued)*: 440197 NPI: 1720032345	**Go to Section 1B**
❑ You are **revalidating** your Medicare enrollment	Enter your Medicare Identification Number (if issued) and the NPI you would like to link to this number in Section 4.	**Complete all sections except 2F, 2G, and 2H**

SUPPLEMENTAL #1
November 25, 2014
8:45 am

SECTION 1: BASIC INFORMATION (Continued)

B. Check all that apply and complete the required sections:

	REQUIRED SECTIONS
❑ Identifying Information	**1, 2** (complete only those sections that are changing), **3, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Adverse Legal Actions/Convictions	**1, 2B1, 3, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
☑ Practice Location Information, Payment Address & Medical Record Storage Information	**1, 2B1, 3, 4** (complete only those sections that are changing), **13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Ownership Interest and/or Managing Control Information (Organizations)	**1, 2B1, 3, 5, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Ownership Interest and/or Managing Control Information (Individuals)	**1, 2B1, 3, 6, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Chain Home Office Information	**1, 2B1, 3, 7, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Billing Agency Information	**1, 2B1, 3, 8** (complete only those sections that are changing), **13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Special Requirements for Home Health Agencies	**1, 2B1, 3, 12, 13,** and either **15** (if you are the authorized official) **or 16** (if you are the delegated official), and Section 6 for the signer if that authorized or delegated official has not been established for this provider.
❑ Authorized Official(s)	**1, 2B1, 3, 6, 13,** and **15.**
❑ Delegated Official(s) (Optional)	**1, 2B1, 3, 6, 13, 15,** and **16.**

SUPPLEMENTAL #1
November 25, 2014
8:45 am

s. Please describe the location of the current ASTC in relation to Southern Hills Medical Center.

The ASTC is diagonally across Wallace Road from the hospital, no more than100 yards away. It is part of the hospital campus--staffed, utilized, and controlled by the hospital. It is treated as a Department of the Hospital.

4. Section B, Project Description, Item II.A.

Please provide the square footage and costs per square footage chart as referenced in Attachment B.II.A.

The chart is attached following this page.

5. Section B, Project Description, Item III.B.1.

a. Please provide an overview of bus services available at the current site at 360 Wallace Road, Nashville and the proposed site.

Please see the two Metro bus route maps attached following this page. The hospital and the ASTC currently have bus service to the intersection of Wallace Road and Nolensville Road, at the edge of the hospital campus. A bus line currently goes by the proposed ASTC site at American Way and Old Hickory Boulevard.

b. Please clarify if TennCare will provide round trip transportation for TennCare enrollees to the new site.

TennCare currently provides transportation to and from the hospital campus, which includes the ASTC; and the applicant expects that this would also be available at the new site, which is within the same county.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

6. Need, Item 1. (Service Specific Criteria-Construction, Renovation, Expansion, and replacement of Health Care Institutions, #2.b)

a. The applicant has provided 10 letters of support from physicians for the proposed ASTC relocation. Please clarify if additional letters of physician support will be submitted expressing interest in participating at the new location.

Additional letters of physician support are attached at the end of this letter. More may be received as time goes on. If so, the applicant will forward them to the Agency.

b. Why has physician's interest in the ASTC resurfaced since 2008?

This has been addressed above in several prior questions. Briefly, many new surgeons have joined the staff since 2008. The active surgical staff is almost twice as large now: 39 (including 7 neurosurgeons) compared to 20. Inpatient cases are increasing and operating room space is in higher demand in peak hours; the larger and improved ASTC floor plan is much more attractive to the surgeons than was the former ASTC.

7. Section C, Need, Item 4.B.

a. In CN0412-010A, the applicant noted the area immediately around Southern Hills in southeastern Davidson County has a lower income and is more ethnically diverse than nearby parts of northern Rutherford and north Williamson Counties. The applicant stated Southern Hills surgery center will be very TennCare accessible. Please clarify how the applicant plans to serve the above mentioned population if the surgery center is moving 5.5 miles closer to Northern Williamson County.

The surgeons who are committing to use the new location are already on the Southern Hills staff and their existing primary care physician referral base within these three counties will continue to refer patients to them. The Southern Hills surgeons will be able to schedule their ambulatory patients into the new ASTC. The new ASTC, like TriStar Southern Hills Medical Center, will be completely accessible to TennCare patients. It will be in the same TennCare MCO contracts, will be staffed by the same surgeons, and will be in the same primary service area county.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

b. What is the existing payor mix of surgical cases performed at 360 Wallace Road, Nashville?

The supplemental table below provides a comparison of payor mix data for the facilities and years concerned. This also addresses question 7b below.

Supplemental Table Two: Payor Mix Comparisons
Southern Hills Medical Center -- All Outpatient Surgery, 2014
Southern Hills Endoscopy Center, 2014
Southern Hills Surgery Center 2007
Southern Hills Surgery Center Projected 2017

Facility/Year	Medicare	Medicaid	Charity/Self Pay	Other
Southern Hills Med Center, All OP Surgery, 2014	46.2%	16.2%	3.6%	34.0%
Southern Hills Endoscopy Center, 2014 (Endo Only)	33.7%	9.2%	0.9%	56.2%
Southern Hills Surgery Center, 2007	14.7%	5.0%	0.3%	80.0%
Southern Hills Surgery Center, 2017	17.3%	12.1%	0.5%	70.1%

Notes:
1. SH Med Center data is for all hospital outpatient surgeries, wherever performed.
2. SH Endoscopy Center data is a breakout for current endoscopy cases being performed at 360 Wallace Road (the surgery center building), as a Department of the Hospital.
3. Southern Hills Surgery Center data is for its last full year (2007) under an active license, and for its first year (2017) at the proposed new location.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

Page Twelve
November 24, 2014

8. Section C, Need, Item 6.

Please provide the following information for Southern Hills Medical Center for the most recent year available.

The requested data is shown below. The theoretically available (100%) surgical room capacity is 120,000 minutes--based on 8 hours per day per room, 250 days per year.

One O.R. is so small (long and narrow) that it is no longer scheduled. Nor is there pre-op and post-op/PACU (post-anesthesia care unit) space to support many more O.R. cases than the hospital is currently performing. Were the hospital to close the surgery center without a replacement facility, the hospital could not accommodate all of its approximately 2,500 endoscopy cases within the hospital surgical suite.

CY 2013	No.	Cases	Cases Per Room	Surgical Minutes Used	Turn-around Minutes (Av'ge)	Total Room Minutes Used	Schedu-lable minutes	% of Schedulable Time Used
Operating Rooms	8*	3,335	417	436,314	110,055 (33)	546,369	960,000*	57%
Endoscopy Procedure Rooms**	3**	2,429	810	71,172	36,435 (15)	107,607	360,000	30%
Subtotal, Operating & Proced. Rooms	11	5,764	524	507,486	146,490	653,976	1,320,000	50%
Cystoscopy Procedure Rooms	1	273	273	13,632	9,009 (33)	22,641	120,000	19%
Other Procedure Rooms	0	0	0	0	0	0	0	0
Total All Surgical Rooms	12	6,037	503	521,118	155,499	676,617	1,440,000	47%

**The hospital JAR reports 9 O.R.s and 1 cystoscopy room, but one O.R. is not schedulable due to being too long and narrow to accommodate the surgical teams and their equipment.*
*** The 3 endoscopy rooms are located in the ASTC building.*

SUPPLEMENTAL #1
November 25, 2014
8:45 am

b. Please clarify why the applicant is only projecting a 25% increase in surgical cases from 2,519 in 2007 to 3,170 in 2017.

The projection is based on the applicant's individual physician interviews. Not every physician will be moving all of his or her ambulatory cases to the new location. A larger caseload transfer is hoped for; but the application intends to be conservative in its projections.

Also, please note that this will be CAGR (compound annual growth rate) of more than 2% annually over that decade--which is not an insignificant rate of increase.

9. Section C. Economic Feasibility Item 1 (Project Cost Chart) and Item 3

Please clarify why the total construction cost of $360.00/sq ft. is higher than the 3rd quartile construction cost of $223.62 for ASTC projects approved by the Agency from 2011 to 2013.

Costs appear to be increasing rapidly. The midpoint of the Registry years is 2012. This facility will be constructed in 2015 and 2016, which will impose several more years of cost inflation. Currently HCA's surgery center division is building two new freestanding ASTC's in Kansas City and Dallas. The former is costing $395 PSF and the latter is $370 PSF. Also, the company believes that it constructs its surgery centers to very high design standards, which increases front-end costs but is appropriate considering life-cycle costs.

10. Section C, Economic Feasibility, Item 4 (Historical Data Chart and Projected Data Chart)

If possible, please provide a historical data chart for 2007.

That Chart is attached following this page.

11. Section C, Economic Feasibility, Item 9

a. Please briefly discuss how the Affordable Care Act will impact unreimbursed patient care and profitability.

In its present form, the Act should increase the number of persons with insurance coverage, especially if Tennessee opts into the Medicaid expansion options in the program. This may induce more persons to seek medical care earlier than they have been able to in the past. If this occurs the applicant will likely see a modest increase in surgical cases and net revenues in the years ahead.

b. What was the ASTC payor mix in 2007? How does that compare to projected payor mix?

Payor	2007	Projected 2017
Medicare	14.7 %	17.3 %
Medicaid	5.0 %	12.1%
Self Pay/Charity	0.3 %	0.5%
Other	80.0%	70.1%

These payor mix data are also shown in Supplemental Table One above, in response to question 7b.

12. Section C, Economic Feasibility, Item 10

Please provide the latest audited financial statements for HCA Holdings, Inc.

The income statement and balance sheet that were provided in the Attachments to the submitted application are the most recent audited statements of HCA Holdings, Inc. as submitted in the company's Annual Report.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

13. Section C, Orderly Development, Item 2.

The applicant mentions moving several thousand annual cases from a hospital setting to an ASTC setting. Please complete the following chart to measure the impact on Southern Hills Medical Center of the surgical volume relocation.

Actual and Projected Surgical Utilization: 2007-2017
Southern Hills Medical Center and Southern Hills Surgery Center

		2007	2008	2009	2010	2011	2012	2013	2014		2017	2018
Hospital	#ORs	9	9	9	9	9	9	9	8		8	8
	#PRs	1	1	1	1	1	1	1	1		1	1
	Cases	3,611	3,544	3,741	3,332	3,158	3,459	3,608	3,810		3,974	4,549
	Inpatient	1,312	1,247	1,133	970	883	1,170	1,217	1,391		1,564	1,627
	Outpatient	2,299	2,297	2,608	2,362	2,275	2,289	2,391	2,419		2,410	2.922
	Cases/room	361	354	374	333	316	346	361	423		442	505
ASTC	#ORs	3	3	3	3	3	3	3	3		3	3
	#PRs	2	2	2	2	2	2	2	2		2	2
	Cases	2,519	1,390	0	0	2,206	2,351	2,459	2,429		3,170	3,602
	Cases/room	504	556	0	0							

Notes:

1. Hospital cases do not include outpatient endoscopies performed in the ASTC from 2011 through 2014.

2. The ASTC cases in 2011-14 are endoscopy cases performed in the ASTC as a department of the hospital.

3. The ASTC cases in 2017-2018 have the case mix as projected on p. 35 of the application.

4. The hospital no longer schedules cases into one of its OR's, which is too long and narrow to be acceptable to the medical staff, although it is approximately the minimum total SF allowable under Licensure standards.

5. The projection methodology for hospital cases is shown on the worksheet following this page. As discussed in the original application, ASTC projections reflect physician interviews conducted by HCA's surgery center development staff.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

METHODOLOGY for Actual and Projected Surgical Utilization: 2007-2017
Southern Hills Medical Center and Southern Hills Surgery Center

		2007	2008	2009	2010	2011	2012	2013	2014		ASTC Yr 1 2017	ASTC Yr 2 2018
Hospital	# Operating Rooms	9	9	9	9	9	9	9	8		8	8
	# Procedure Rooms	1	1	1	1	1	1	1	1		1	1
	Total Rooms	10	10	10	10	10	10	10	9		9	9
	Cases	3,611	3,544	3,741	3,332	3,158	3,459	3,608	3,810		3,974	4,549
	IP	1,312	1,247	1,133	970	883	1,170	1,217	1,391		1,564	1,627
	OP	2,299	2,297	2,608	2,362	2,275	2,289	2,391	2,419		2,410	2,922
	Cases/Room	361	354	374	333	316	346	361	423		442	505
ASTC	# Operating Rooms	3	3	3	3	3	3	3	3		3	3
	# Procedure Rooms	2	2	2	2	2	2	2	2		2	2
	Total Rooms	5	5	5	5	5	5	5	5		5	5
	Cases	2,519	1,390	0	0	2,206	2,351	2,429	2,542		3,170	3,602
	Cases/Room	504	278	0	0	441	470	486	508		634	720

Projection of Hospital Cases:

1. Hospital IP cases have increased recently at approximately 4% annually; the projection is for this to continue through 2018.

2014 annd	2015	2016	2017	2018
1391	1446	1504	1564	1627
change:	4%	4%	4%	4%

2. Hospital OP cases have increased recently at approximately 4% annually; the projection is for this to continue through 2018.

	2014 annd	2015	2016	2017	2018
Non-endo OP cases	2,419	2,515	2,617	2,721	2,830
Endo OP cases	2,542	2,644	2,749	2,859	2,974
Total OP cases	4,961	5,159	5,366	5,580	5,804
	change:	4%	4%	4%	4%

3. The ASTC is projected to derive all of its cases in Year One from the hospital and 80% of its cases in Year Two from the hospital. In other words, in Year Two the ASTC will have 20% of its cases from new referrals not taken from the hospital. This will leave the following OP cases at the hospital.

	2014 annd	2015	2016	2017	2018	
Non-endo OP cases	2,419	2,515	2,617	2,721	2,830	
Endo OP cases	2,542	2,644	2,749	2,859	2,974	
Total Available OP cases	4,961	5,159	5,366	5,580	5,804	
ASTC Cases Being Moved from the Hospital				3,170	2,882	(2,882 is 80% of 3,602 Year Two ASTC caseloads)
NET Hospital OP cases				2,410	2,922	

SUPPLEMENTAL #1
November 25, 2014
8:45 am

14. Section C, Orderly Development, Item 3.

a. Licensing and Accreditation Inspections are listed in the Index of Attachments. Please provide.

b. Since the hospital performed endoscopies in a licensed ASTC, please provide the latest licensure survey for the license listed below.

118. SOUTHERN HILLS SURGERY CENTER 360 WALLACE ROAD NASHVILLE , TN 37211 *Attn:* TIM EVANS (615) 332-3030	Administrator: TIM EVANS *Owner Information:* SURGICARE OF SOUTHERN HILLS, INC. 360 WALLACE ROAD NASHVILLE, TN 37211 (615) 332-3030	*Facility License Number:* 00000185 *Status:* Licensed *Date of Last Survey:* 10/19/2006 *Accreditation Expires:* *Date of Original Licensure:* 07/26/2005 *Date of Expiration:* 07/22/2015

That entry in the Index of Attachments was a placeholder, because the applicant expected to be able to locate those documents and to submit them during the supplemental cycle.

However, after best efforts in searching corporate and facility archives, the ASTC owner has not yet been able to find either the most recent (10-19-06) licensing inspection/ plan of correction, or the most recent AAAHC accreditation inspection or certificate (probably done in 2005 or 2006).

The applicant will continue to pursue those seven-year-old documents in TDH Licensure files and at AAAHC offices, and if located they will be submitted to the Agency. The applicant respectfully requests that lack of these documents at the present time not delay acceptance into the December 1 CON review cycle.

c. Please clarify if the applicant will pursue Joint Commission Accreditation.

The ASTC will pursue re-accreditation by the AAAHC (American Association for Accreditation of Health Care), the organization which had previously accredited this facility.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

Additional Supplemental Information

Attached after this page are two revised application pages. Page 28R has a corrected title (name of project) and page 35R corrects the entries for Urology cases in Years One and Two.

Also attached are Joint Commission Certificates of Distinction for TriStar Southern Hills Medical Center. The hip and knee certificates illustrate programs now growing at the hospital. A spinal program is also in place and the hospital anticipates Certificates of Distinction in that area too. This information is to illustrate why the hospital anticipates strong growth in its inpatient and outpatient surgery volumes.

It should also be mentioned that although the ASTC and the hospital are separate legal entities, HCA considers them to be operationally unified, in the sense that they are one provider entity for planning and evaluation purposes. Transfer of surgical cases from the hospital to the ASTC is not regarded as an adverse impact on their combined operations in terms of case volumes. So, although the hospital in these tables is incurring a "loss of surgeries", it is not adversely impacting the hospital in the view of the parent company because the "lost" cases are remaining within the company and within the control of TriStar Southern Hills' operational team.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

Roy P. Burch Jr., M.D.
Stephen M. Staggs, M.D.

Royce T. Adkins, M.D.
Melody R. Adler, M.D.
D. Phillips Altenbern, M.D.
Anne F. Anderson, M.D.
Brian C. Beatty, M.D.
Lewis J. Bellardo, M.D.
Anne Blake, M.D.
Phillip L. Bressman, M.D.
Jill F. Chambers, M.D.
James F. Daniell, M.D.
E. Wade Davidson, M.D.
Cathy A. Deppen, M.D.
Jeffrey D. Draughn, M.D.
Melanie A. Dunn, M.D.
Joe Michael Edwards, M.D.
Frederick L. Finke, M.D.
James H. Growdon, M.D.
Rhonda T. Halcomb, M.D.
Kevin M. Hamilton, M.D.
Catherine C. Haney, M.D.
M. Bruce Hirsch, M.D.
Lisa M. Jabusch, M.D.
Bryan R. Kurtz, M.D.
H. Newton Lovorn Jr., M.D.
John W. Macey Jr., M.D.
Roseann Maikis, M.D.
Carol H. McCullough, M.D.
Sam Houston Moran, M.D.
Lisa B. Morgan, M.D.
Elizabeth L. Oldfield, M.D.
Richard E. Presley, M.D.
Melissa G. Reynolds, M.D.
Sherrie A. Richards, M.D.
Geoffrey H. Smallwood, M.D.
Catherine M. Thornburg, M.D.

SUPPLEMENTAL #1
November 25, 2014
8:45 am

TENNESSEE WOMEN'S CARE, PC

Obstetrics and Gynecology
343 Franklin Road | Suite 108 | Brentwood, TN 37027
T 615-373-1255 F 615-371-9040

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

From: Stephen Michael Staggs M.D., M.T.S.
Tennessee Obstetrics & Gynecology
343 Franklin Road, Brentwood, Tennessee 37027

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

I have worked in Brentwood for 32 years on Franklin Road and patients need this surgery center.

Respectfully,

Stephen Staggs

SUPPLEMENTAL #1
November 25, 2014
8:45 am

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: James T Ettien MD

Medical Specialty: Surgery

SUPPLEMENTAL #1
November 25, 2014
8:45 am

DR. DAVID GILPIN

Facial Plastic & Reconstructive Surgery, ENT

397 Wallace Road * Holmes Plaza * Suite 101 Nashville, TN 37211 * 615-942-7301 * www.DrDavidGilpin.com

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

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The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We could be interested in that opportunity and would appreciate the Agency's favorable consideration of this project.

Respectfully,

David A. Gilpin, M.D.
Facial Plastic and Reconstructive Surgery/Otolaryngology

SUPPLEMENTAL #1
November 25, 2014
8:45 am

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

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The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature: Robert A. Merkle

Name: Robert A. Merkle, MD

Medical Specialty: Neurosurgery

SUPPLEMENTAL #1
November 25, 2014
8:45 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Southern Hills Surgery Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

JAN M. DANFORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

John L Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of November, 2014, witness my hand at office in the County of DAVIDSON, State of Tennessee.

NOTARY PUBLIC

My commission expires 7/2/2018.

HF-0043

Revised 7/02

TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

February 9, 2015

VIA EMAIL and US POSTAL SERVICE

Ms. Melanie Hill
Executive Director
Tennessee Health Services
& Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Southern Hills Surgery Center
Nashville, Tennessee
CON #CN1411-047

Dear Ms. Hill:

On behalf of my clients, listed below, I write to oppose the referenced certificate of need application because the application does not meet the statutory criteria for a certificate of need. This opposition is filed on behalf of:

1. St. Thomas Campus Surgicare, LP;
2. Baptist Surgery Center, LP d/b/a Baptist Ambulatory Surgery Center;
3. Baptist Plaza Surgicare, LP d/b/a Baptist Plaza SurgiCare and d/b/a Nashville EndoSurgery Center;
4. Franklin Encoscopy Center, LLC d/b/a Franklin Surgery Center; and
5. Physicians Pavilion, LP d/b/a Physicians Pavilion Surgery Center.

Representatives of my clients will attend the February 25, 2015 meeting of the Health Services & Development Agency to express their opposition to this application.

Very truly yours,

Byron R. Trauger

BRT/kmn

cc: John Wellborn, Consultant

BUTLER | SNOW

February 9, 2015

VIA HAND DELIVERY

Melanie M. Hill
Executive Director
Tennessee Health Services and
Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Southern Hills Surgery Center, CN1411-047

Dear Ms. Hill:

This letter is submitted on behalf of Vanderbilt University Medical Center ("VUMC") in opposition to the certificate of need application referenced above. The project described in the application does not meet the Agency's criteria for approval and it should be denied. Representatives of VUMC will be present at the Agency's meeting on February 25, 2015, to provide additional information and answer questions the Agency members may have.

Thank you for your attention to this letter.

Very truly yours,

BUTLER SNOW LLP

Dan H. Elrod

clw
cc: John Wellborn

The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201

DAN H. ELROD
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24348229v1

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BAKER DONELSON CENTER, SUITE 800
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FAX: 615.726.0464

www.bakerdonelson.com

WILLIAM WEST, SHAREHOLDER
Direct Dial: (615) 726-5561
Direct Fax: (615) 744-5561
E-Mail Address: bwest@bakerdonelson.com

February 9, 2015

Via Hand Delivery

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Opposition of Williamson Medical Center to Certificate of Need Application No. CN1411-047 for Southern Hills Surgery Center

Dear Ms. Hill:

Please be advised that this firm represents Williamson Medical Center, the public hospital located in Franklin, Williamson County, Tennessee.

Williamson Medical Center has directed us to file this letter of opposition to certificate of need application number CN1411-047, in which the Southern Hills Surgery Center seeks to relocate from its current licensed location near the Southern Hills Medical Center to property at the intersection of Old Hickory Boulevard and American General Way in southern Davidson County.

Williamson Medical Center asserts that Southern Hills Surgery Center's CON application CN1411-047 fails to satisfy the statutory criteria for the grant of a certificate of need. The project now proposed by Southern Hills Surgery Center is not necessary to provide needed healthcare in the area to be served, and will not contribute to the orderly development of adequate and effective healthcare facilities or services.

Representatives of Williamson Medical Center will be present at the HSDA meeting on February 25, 2015 to present its detailed case as to why CON application CN1411-047 should not be granted. A copy of this letter of opposition is being forwarded via email to John Wellborn, the contact person for the project, and to Jerry Taylor, the attorney for the project. If you have any questions about this letter, please advise.

Sincerely,

BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, PC

William West

WHW/mhh

cc: John Wellborn - via email *jwdsg@comcast.net*
Jerry Taylor - via email *jtaylor@burr.com*

BURR • • • FORMAN LLP

results matter

Jerry W. Taylor
jtaylor@burr.com
Direct Dial: (615) 724-3247

FEB 20 '15 PM 12:48

700 Two American Center
3102 West End Avenue
Nashville, TN 37203

Office (615) 724-3200
Fax (615) 724-3290
Toll-free (866) 489-8542

BURR.COM

February 20, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and Development
Agecny
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Re: Southern Hills Surgery Center
CN1411-047

TriStar Southern Hills Emergency Department at I-65
CN1412-050

Dear Ms. Hill:

Filed herewith is a letter of support from Matthew Brust, M.D. in connection with the two projects referenced above. The Southern Hills Surgery Center application is scheduled for the February meeting, and the TriStar Southern Hills Emergency Department at I-65 application is scheduled for the March meeting.

Please let me know if you have any questions. Thank you for your assistance.

Very truly yours,

BURR & FORMAN, LLP

Jerry W. Taylor

FEB 20 '15 PM 12:48

Family Practice Associates of Southern Hills
397 Wallace Road, Building C, Suite 100
Nashville, TN 37211
Phone: 615-834-6166
Fax: 615-781-9755
TriStarMedGroup.com

George L Holmes, III, MD
Robert G. Bishop, Jr, MD
Matthew L. Brust, MD
Jeffrey Greene, MD
Keren Holmes, MD
Kelly Odum, FNP-C

February 11, 2015

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

I am writing this letter in support of the proposed TriStar Southern Hills Expansion. I urge you to approve TriStar's certificate of need applications for a relocation of the ASC CON and the CON for the 8 bed freestanding emergency department.

I have been a Family Physician in southern Davidson County for 19 years, and have enjoyed a positive working relationship with Southern Hills Hospital. TriStar has been instrumental in the continued growth of this area and has engaged in several strategies to form positive connections with this growing, diverse community. My patients continue to desire to receive their medical care through this hospital, and also near home.

Our neighborhoods continue to grow, and quality healthcare is becoming less accessible. Instead of building onto the main hospital, Southern Hills would be expanded into an area close to its patient base. This is a concept that TriStar has used in the outpatient/clinic setting in the Davidson/Williamson County area with great success. The proposed expansion into the South Davidson/North Brentwood area would benefit the needs of my patients, our community and my own family.

When the Health Services and Developmental Agency meets in February and March of 2015, I urge you to approve the certificate of need.

Sincerely,

MD

Matthew Brust, MD

DSG Development Support Group

November 24, 2014

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1411-047
Southern Hills Surgery Center--Support Letters Consolidated

Dear Mr. Earhart:

This letter provides a consolidation of all the support letters we have received for the subject project being heard by the Board this month. Most have been submitted to the Agency already. This consolidation is to make it easier for Agency staff to prepare the forthcoming mail-out. Supporters include the following:

• Metro Councilmembers from Council Districts 4, 32, 33, and 34 (Brady Banks, Jacobia Dowell, Robert Duvall, Carter Todd). Their letters reflect an ethnically diverse and growing service area population and cite TriStar Southern Hills' record of addressing their area's special needs.

• Community leaders such as "Neighborhood Health" (formerly United Neighborhood Healthcare Services) and representatives of local organizations and businesses.

• Seventeen surgeons on staff at TriStar Southern Hills Medical Center, who understand the need for this facility to reopen at the proposed location.

Please ensure that this consolidation is included in your mail-out to Board members this week. Thank you.

Respectfully,

John Wellborn

John Wellborn
Consultant

4219 Hillsboro Road, Suite 203
Nashville, TN 37215

jwdsg@comcast.net

Tel 615.665.2022
Fax 615.665.2042

neighborhood health

615 227 3000 | NeighborhoodHealthTN.org

January 5, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the CEO of Neighborhood Health, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

TriStar Southern Hills Medical Center has also invested over $20 million in capital improvement in the past 5 years greatly improving the community's access to high quality healthcare. Based on these and other strategies, the hospital has seen amazing growth over this time period, 24% growth in ER visits and 19% growth in inpatient admissions. This high growth has led to overcrowding on the main hospital campus.

In an effort to relieve overcrowding on the main hospital campus, TriStar Southern Hills Medical Center plans to expand service onto property 5 miles from the hospital that was recently acquired. My customers and this community would benefit greatly from this addition. The fact that TriStar plans to invest an additional $17 million into our neighborhood speaks volumes to our area's growth. The convenient health care would be invaluable to the health of the residents of the area.

When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Mary Bufwack

Mary Bufwack, CEO
Neighborhood Health

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

One Public Square, Suite 204
Nashville, Tennessee 37201
Office: (615) 862-6780

5845 Brentwood Trace
Brentwood, Tennessee 37027
Home: (615) 739-6825

BRADY BANKS
Councilman, District 4
www.nashville.gov/council
Email: brady.banks@nashville.gov

January 20, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed Southern Hills Expansion

Dear Ms. Hill:

I am writing in support of TriStar Southern Hills Medical Center's plans for a satellite campus at Old Hickory Boulevard and I-65. I know you have before you two Certificate of Need applications from TriStar Southern Hills – one for an ambulatory surgery center and one for a freestanding emergency room. As the Metro Nashville councilman for District 4, where the HCA property is located, I support both projects.

My district is in a growing part of Davidson County that is home to many young families who want to be close to downtown Nashville while still enjoying the suburban lifestyle that this community offers. Access to high-quality health care is also on their list of must-haves.

TriStar Southern Hills has been an important part of the south Nashville community for 35 years. I have discussed with TriStar Southern Hills Chief Executive Officer, Tom Ozburn, the hospital system's commitment to serving south Nashville. TriStar has invested $20 million in upgrades to the main hospital on Wallace Road, including a new joint and spine center, new imaging equipment, and a new cardiac catheterization lab. They would welcome the opportunity to expand at the main campus, but they are simply out of space.

This proposed expansion is not part of a long-term plan to replace the main Southern Hills hospital, but is instead exactly what it seems – a chance to offer much-needed health care services in a bustling part of the county. TriStar has no plans to shutter Southern Hills, as evidenced by the investments to the property which I've shared above.

The proposed emergency room will be just 5 miles from the main TriStar Southern Hills campus and will be easily accessible from I-65 and from the many neighborhoods that border Old Hickory Boulevard and Hill Road. My constituents – like many residents of Nashville – do have concerns about traffic; but if TriStar is allowed to pursue the emergency room, residents' travel time to emergency services will be shortened considerably. The new ER will also reduce wait times at the existing ER, where many patients wait longer than an hour to be seen.

I am aware that the Health Services and Development Agency considers the orderly development of health care when deciding whether or not a project can move forward. I can think of nothing more in line with that criterion than a hospital system's wanting to expand into an underserved area of the county.

TriStar has been very forthcoming about their plans for my district and for the proposed satellite campus. They are scheduling several neighborhood meetings, and they truly want to have a discussion about the future health care needs of south Nashville.

TriStar Southern Hills has my full support for both the surgery center and the emergency room. I hope that the HSDA will approve the Certificate of Need applications for both projects in early 2015.

Thank you for your consideration.

Sincerely,

Brady Banks
Metro Councilman, District 4

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

One Public Square, Suite 204
Nashville, Tennessee 37201
Office: (615) 862-6780
Email: jacobia.dowell@nashville.gov

2609 Welshcrest Drive
Antioch, Tennessee 37013
Home: (615) 731-3177
Cell: (615) 498-7094

JACOBIA DOWELL
Councilwoman, District 32

January 2, 2015

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As a Metro Councilwoman, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital also formed a partnership with the YMCA, offering Y service on the hospital campus to the residents, patients, and employees of South Nashville. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

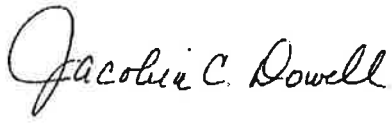
TriStar Southern Hills Medical Center has also invested over $20 million in capital improvements in the past 5 years greatly improving the community's access to high quality healthcare. Based on these and other strategies, the hospital has seen amazing growth over this time period, 24% growth in ER visits and 19% growth in inpatient admissions. This high growth has led to overcrowding on the main hospital campus.

In an effort to decongest the main hospital campus, TriStar Southern Hills Medical Center plans to expand service onto property 5 miles from the hospital that was recently acquired. My constituents', my family and the entire Southeast community would benefit greatly from this addition. The fact that

TriStar plans to invest an additional $17 million into our neighborhood speaks volumes to our area's growth. The convenient health care would be invaluable, not to mention the positive economic impact the TriStar Southern Hills facility would have on local businesses.

When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,



Jacobia Dowell
Councilwoman, District 21

JD/rh

METROPOLITAN COUNCIL

Member of Council

ROBERT DUVALL
Councilmember, District 33
208 Cambridge Place • Antioch, Tennessee 37013
Office: 615-862-6780

January 21, 2015

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As a Metro Councilman, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital also formed a partnership with the YMCA, offering Y service on the hospital campus to the residents, patients, and employees of South Nashville. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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In an effort to decongest the main hospital campus, TriStar Southern Hills Medical Center plans to expand service onto property 5 miles from the hospital that was recently acquired. My customers, my family and this community would benefit greatly from this addition. The fact that TriStar plans to invest an additional $17 million into our neighborhood speaks volumes to our area's growth. The convenient health care would be invaluable, not to mention the positive economic impact the TriStar Southern Hills facility would have on local businesses.

One Public Square, Suite 204 Nashville, Tennessee 37219 Office: 615/862-6780 Fax: 615/862-6784

When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Robert Duvall
Councilmember, District 33

RD/rh

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

One Public Square, Suite 204
Nashville, Tennessee 37219
Office: (615) 291-6734
Email: carter.todd@nashville.gov

CARTER R. TODD
Councilman, District 34

4005 Wallace Lane
Nashville, Tennessee 37215
Home: (615) 292-2309
Mobile: (615) 305-8903

January 29, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Proposed Southern Hills Expansion

Dear Ms. Hill:

The Certificate of Need process serves a very important purpose for our state and its health care industry. I know you currently have two TriStar CON applications before you, and I hope you will agree with me that we need these approved in order to be ready for the continued growth of the south Nashville area.

As councilmember for District 34, the service area of the proposed TriStar Southern Hills satellite campus stretches to the outer borders of my district. The population growth of south Nashville is dynamic and I not only hear stories of growth from my constituents but I see it on our street and in my neighborhood.

There are a number of financial reasons why welcoming TriStar's expansion in this community is a good idea. One of these is the estimated investment of more than $30 million. As a parent, I also take seriously the issue of easy access to quality health care. This area of the city clearly needs quality care options closer to home. I am thankful that TriStar is here and willing to fill this need.

I hope the HSDA will keep these factors in mind during the coming months and will grant approval to both CON applications. TriStar is a trusted corporate citizen in Davidson County. Its proposed expansion in southern Davidson County, if approved, will serve residents of this area for generations to come.

Sincerely,

Carter Todd
Councilmember, District 34

Support Letters from Southern Hills Medical Center Physicians

First Name	Last Name	Specialty
Suhail	Allos	General Surgery
Jonathan	Benson	GI Surgery
James	Ettien	General Surgery
Robert	Frankfarther	Podiatric Surgery
Robbi	Franklin	Neurosurgery
David	Gilpin	Plastic and Reconstructive Surgery
Steven	Johnson	Sports Medicine/Family Practice
Thomas	Kreuger	Vascular/Thoracic/General Surgery
Doug	Mathews	Neurosurgery
Robert	Mericle	Neurosurgery
Maria	Perales	Gynecologic Surgery
Cliff	Retief	Podiatric Surgery
Jonathan	Rotker	GI Surgery
Jeff	Seebach	General Surgery
Mark	Shelton	Vascular Surgery
Stephen	Skaggs	Gynecologic Surgery
James	Sudberry	Podiatric Surgery
Mark	Williams	Otolaryngology (ENT)

TRI STAR MEDICAL GROUP

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: S. Allos

Medical Specialty: G. Surgery

TRISTAR MEDICAL GROUP
Gastroenterology Specialists
of Middle Tennessee

Jonathan Rotker, M.D., FACG Jonathan Benson, M.D. Anthony Montemuro, M.D.

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: Jonathan Benson

Medical Specialty: Gastroenterology

397 Wallace Road, Suite 103
Nashville, Tennessee 37211
Phone (615) 831-5422

6716 Nolensville Pk. Suite 230
Brentwood, Tennessee 37027
Phone (615) 831-5422

300 Stonecrest Blvd, Suite 455
Smyrna, Tennessee 37167
Phone (615) 223-6606

TRISTAR MEDICAL GROUP

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: James T ETTIEN MD

Medical Specialty: Surgery

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: Rob Frankenfeller

Medical Specialty: Podiatry

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: Robbi Franklin

Medical Specialty: Neurosurgery

DR. DAVID GILPIN

Facial Plastic & Reconstructive Surgery, ENT

397 Wallace Road * Holmes Plaza * Suite 101 Nashville, TN 37211 * 615-942-7301 * www.DrDavidGilpin.com

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

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The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We could be interested in that opportunity and would appreciate the Agency's favorable consideration of this project.

Respectfully,

David A. Gilpin, M.D.
Facial Plastic and Reconstructive Surgery/Otolaryngology

FEB 11 '15 PM 5:08

TRISTAR MEDICAL GROUP

George L. Holmes, III, M.D.
Robert G. Bishop, Jr., M.D.
Matthew L. Brust, M.D.
Steven P. Johnson, M.D.
Jeffrey Greene, M.D.
Christopher D. Holloway, M.D.
Daniel Hartman, D.O.
Keren Holmes, M.D.
Meredith Schweitzer, D.O.
Kathryn Fordham, FNP-BC
Jonathan Lee, FNP-C
Kelly Odum, FNP-C
Lori Weber, FNP-C
Jacqueline Rendeczky, FNP-C

January 2, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Southern Hills Surgery Center

Dear Ms. Hill:

I am writing to express my support for the proposed TriStar Southern Hills surgery center. As a physician with privileges at TriStar Southern Hills Medical Center, for the last 17 years, I can vouch for the fact that TriStar has been and will continue to be a good community citizen. I have seen the commitment and investment TriStar Southern Hills has made and it has made me proud to be involved in the medical community.

The proposed surgery center makes sense on a number of levels. TriStar wishes to invest more than $17 million in the southern Davidson County area for this project. The new facility will bring patients to the area for medical appointments and healthcare. In addition the investment will bring customers and revenue for local businesses and restaurants.

For southern Davidson County residents, the new facility means they will no longer have to drive 20 or more minutes in traffic to get quality medical care. As the population in this part of town grows, so does the congestion on its main roads.

For the current TriStar Southern Hills location on Wallace Road, a satellite campus will mean more timely and personalized care for our patients. It is no secret that the main campus is becoming increasingly overcrowded. With no room to expand the current facility, a satellite location to better serve these community members is the only answer.

I intend to use the proposed surgery center if it is approved by the HSDA. This facility meets the HSDA's criterion of contributing to the orderly development of health care. It will be a great asset to a growing community.

I ask that the HSDA please approve TriStar Southern Hills' Certificate of Need application when the board meets on February 25.

Sincerely,

Steven P. Johnson, MD

TriStar Southern Hills
397 Wallace Road
Bldg C-100
Nashville, TN 37211
615.834.6166

Cane Ridge
3534 Murfreesboro Pike
Suite 104
Antioch, TN 37013
615.641.6767

Brentwood East
6716 Nolensville Pike
Suite 100
Brentwood, TN 37027
615.941.7501

Lenox Village
6900 Lenox Village Drive
Suite 8
Nashville, TN 37211
615.469.7556

TRI STAR MEDICAL GROUP

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
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TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
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Mark W. Shelton, M.D., FACS

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature: Thomas C. Krueger MD

Name: THOMAS C. KRUEGER MD, FACS

Medical Specialty: General, Vascular & Thoracic Surgery

Nashville Neurosurgery Group

330 22nd Avenue North
Nashville, TN 37203
office (615) 320-0007 • fax (615) 320-0009
www.nashvilleneurosurgery.com
www.hwneuro.com

Robert A. Mericle, MD, FAANS
Board Certified
Fellowship Trained
Neurovascular Experti

Arthur J. Ulm, MD
Board Certified
Fellowship Trained
Neurovascular Experti

Douglas C. Mathews, MD, FACS
Board Certified
Spine Expertise

Robbi F. Franklin, MD
Fellowship Trained
Neurovascular Experti

Darice Spackman, PA
Physician Assistant
Neurovascular Expert

Jessica Pope, PA-C
Physician Assistant
Neurovascular Expert

Phillip Lewellen, PA-C
Physician Assistant
Neurovascular Expert

Brian Kisner, PA-C
Physician Assistant
Neurovascular Expert

January 9, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed Southern Hills Surgery Center

Dear Ms. Hill:

As a surgeon at TriStar Southern Hills, I see patients every day who would benefit from the proposed surgery center at the intersection of Old Hickory Boulevard and American General Way.

Davidson County is growing rapidly. It is the duty of those of us who serve the community to keep up with this growth. Sufficient access to high-quality medical care must not suffer. My patients routinely share their concerns about traffic and how long it takes them to reach my office. The new Southern Hills expansion would better serve this population. I am proud that TriStar is doing its part.

I am also proud of TriStar's investment in our community. TriStar Southern Hills opened its doors more than 35 years ago and has made every effort possible to be a good neighbor for southern Davidson County. This still rings true today with the proposed $17.5 million investment in the new surgery center project.

Thank you for your consideration. I hope the Health Services and Development Agency will grant TriStar Health System the approval it needs to build a new surgery center on the proposed satellite campus.

Sincerely,

Douglas C. Mathews

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature: Robert A Merkle

Name: Robert A. Merkle, MD

Medical Specialty: Neurosurgery

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature:

Name: Maria Peralos

Medical Specialty:

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature:

Name: I. CLIFFORD RETIEF

Medical Specialty: PODIATRIC SURGERY

TRISTAR MEDICAL GROUP
Gastroenterology Specialists
of Middle Tennessee

Jonathan Rotker, M.D., FACG Jonathan Benson, M.D. Anthony Montemuro, M.D.

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

The relocation will enable TriStar Southern Hills Medical Center's Ambulatory Surgery Center to be located in a building and on property owned by the hospital.

We understand that the facility will offer an opportunity for its surgical staff to participate in ownership through a syndication at a later time. We are interested in that opportunity. Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Signature: Jonathan D. Rotker MD FACG

Name: JONATHAN D. ROTKER MD, FACG

Medical Specialty: GASTROENTEROLOGY

397 Wallace Road, Suite 103
Nashville, Tennessee 37211
Phone (615) 831-5422

6716 Nolensville Pk. Suite 230
Brentwood, Tennessee 37027
Phone (615) 831-5422

300 Stonecrest Blvd, Suite 455
Smyrna, Tennessee 37167
Phone (615) 223-6606

TRISTAR MEDICAL GROUP

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

Suhail H. Allos, M.D., FACS
James T. Ettien, M.D., FACS
Thomas C. Krueger, M.D., FACS
Jeff F. Seebach, M.D., FACS
Mark W. Shelton, M.D., FACS

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Respectfully,

Signature:

Name: Jeff Seebach, MD

Medical Specialty: General Surgeon

November 12, 2014

Southern Hills Surgical Consultants
397 Wallace Road, Suite. C-414
Nashville, TN 37211
phone: 615-781-9499
fax: 615-781-3882
TriStarMedGroup.com

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Respectfully,

Signature: Mark W. Shelton

Name: Mark W. Shelton MD

Medical Specialty: Vascular Surgery

Roy P. Burch Jr., M.D.
Stephen M. Staggs, M.D.

Royce T. Adkins, M.D.
Melody R. Adler, M.D.
D. Phillips Altenbern, M.D.
Anne F. Anderson, M.D.
Brian C. Beatty, M.D.
Lewis J. Bellardo, M.D.
Anne Blake, M.D.
Phillip L. Bressman, M.D.
Jill F. Chambers, M.D.
James F. Daniell, M.D.
C. Wade Davidson, M.D.
Cathy A. Deppen, M.D.
Jeffrey D. Draughn, M.D.
Melanie A. Dunn, M.D.
Joe Michael Edwards, M.D.
Frederick L. Finke, M.D.
James H. Growdon, M.D.
Rhonda T. Halcomb, M.D.
Kevin M. Hamilton, M.D.
Katherine C. Haney, M.D.
M. Bruce Hirsch, M.D.
Lisa M. Jabusch, M.D.
Bryan R. Kurtz, M.D.
H. Newton Lovorn Jr., M.D.
John W. Macey Jr., M.D.
Roseann Maikis, M.D.
Carol H. McCullough, M.D.
Sam Houston Moran, M.D.
Lisa B. Morgan, M.D.
Elizabeth L. Oldfield, M.D.
Richard E. Presley, M.D.
Melissa G. Reynolds, M.D.
Sherrie A. Richards, M.D.
Geoffrey H. Smallwood, M.D.
Catherine M. Thornburg, M.D.

TENNESSEE WOMEN'S CARE, PC

Obstetrics and Gynecology
343 Franklin Road | Suite 108 | Brentwood, TN 37027
T 615-373-1255 F 615-371-9040

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application to Relocate the Southern Hills Surgery Center

From: Stephen Michael Staggs M.D., M.T.S.
Tennessee Obstetrics & Gynecology
343 Franklin Road, Brentwood, Tennessee 37027

Dear Mrs. Hill:

This practice supports the proposal to relocate the Southern Hills Surgery Center within Davidson County, from its present location on Wallace Road, to a new site five miles from the TriStar Southern Hills Medical Center campus.

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I have worked in Brentwood for 32 years on Franklin Road and patients need this surgery center.

Respectfully,

Stephen Staggs

Corporate Address: 1900 Church Street | Suite 100 | Nashville, TN 37203 T 615-986-2400 F 615-986-2310

TENNESSEE FOOT & ANKLE
SPECIALISTS

J. ALLEN SUDBERRY, D.P.M.

SOUTHERN HILLS MEDICAL CENTER
397 WALLACE RD., BLDG. C, STE. 311
NASHVILLE, TN 37211
PHONE 615-712-7366
FAX 615-712-7858

- **BOARD CERTIFIED IN FOOT SURGERY & RECONSTRUCTIVE REARFOOT/ANKLE SURGERY AMERICAN BOARD OF PODIATRIC SURGERY**
- **FELLOW, AMERICAN COLLEGE OF FOOT & ANKI SURGEONS**

November 12, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Respectfully,

Signature: James A. Sudberry

Name: James A. Sudberry, DPM

Medical Specialty: Podiatry

EAR, NOSE & THROAT
Specialists of Nashville

Mark A. Williams, M.D., Ph.D
Emily L. Williard, FNP
Wendy B. Sumner Alexander, PA-C

November 12, 2014

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Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

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Your favorable consideration of the project would be much appreciated by us and our colleagues.

Respectfully,

Mark A. Williams, M.D., Ph.D
Otolaryngology

393 WALLACE ROAD, SUITE 202 • NASHVILLE, TENNESSEE 37211 • 615-832-2200 • FAX 615-832-2020
6688 NOLENSVILLE PIKE, SUITE 101 • BRENTWOOD, TENNESSEE 37027 • 615-832-2272 • FAX 615-832-2020
WWW.ENTSON.NET • WWW.VOICECARECENTER.COM

FIFTH THIRD BANK

January 6, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the Vice President of Fifth Third Bank, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

TriStar Southern Hills Medical Center has also invested over $20 million in capital improvement in the past 5 years greatly improving the community's access to high quality healthcare. Based on these and other strategies, the hospital has seen amazing growth over this time period, 24% growth in ER visits and 19% growth in inpatient admissions. This high growth has led to overcrowding on the main hospital campus.

In an effort to decongest the main hospital campus, TriStar Southern Hills Medical Center plans to expand service onto property 5 miles from the hospital that was recently acquired. My customers, my family and this community would benefit greatly from this addition. The fact that TriStar plans to invest an additional $17 million into our neighborhood speaks volumes to our area's growth. The convenient health care would be invaluable, not to mention the positive economic impact the TriStar Southern Hills facility would have on local businesses.

When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Bob Gerard
Vice President
Fifth Third Bank

Lake Providence
Missionary Baptist Church • H. Bruce Maxwell, Pastor

"Except the Lord build the house, they labour in vain that build it."
–Psalm 127 :1

January 5, 2015

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the Pastor of a large church in South Nashville, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). This hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

H. Bruce Maxwell
Pastor

615-833-5539 • 615-833-7601 Fax
5891 Nolensville Road • Nashville, TN 37211 • www.lpmbc.org

January 5, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the owner of Caliente Consulting, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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Caliente Consulting, llc. 786 Peach Orchard Nashville, TN 37204

When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Cristina

Cristina O. Allen
Princiapl Owner
Caliente Consulting, llc.

Caliente Consulting, llc. 786 Peach Orchard Nashville, TN 37204

January 5, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the owner and CEO of Lee Company, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth of South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital also formed a partnership with the YMCA, offering Y service on the hospital campus to the residents, patients, and employees of South Nashville. The hospital continues to form strategic partnerships with local businesses to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Bill Lee, CEO
Lee Company

Franklin
331 Mallory Station Road
Franklin, Tennessee 37067
p 615.567.1000 • f 615.567.1027

Cumberland
1140 First Avenue South
Baxter, Tennessee 38544
p 931.520.3434 • f 877.572.3658

North Alabama
26670 Success Drive SW, Ste H
Madison, Alabama 35756
p 256.353.1500 • f 256.898.3446

Bluegrass
5237 Nashville Road, Building 6
Bowling Green, Kentucky 42101
p 270.467.7000 • f 270.282.8783

leecompany.com

January 2nd, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the CEO of the Nashville Zoo, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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Sincerely,

Rick Schwartz
President & CEO

Our Mission: Inspiring a culture of understanding and discovery of our natural world through conservation, innovation and leadership

3777 nolensville pike • nashville, tennessee • 37211
(615)833-1534 • fax: (615)333-0728 • www.nashvillezoo.org

ASSOCIATION OF ZOOS & AQUARIUMS

Steve BASS TIRE
BRAKE & ALIGNMENT

3801 Nolensville Road • Nashville, TN 37211 • (615) 333-9673
steve@basstire.com aaron@basstire.com

FEB 11 '15 PM 12:19

January 2, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor 502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the owner of Bass Tire Company, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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When the Health Services and Development Agency meets in February and March of 2015, I urge you to approve TriStar's certificate of need applications.

Sincerely,

Steve Bass, owner
Bass Tire Company

FREELAND SUPERSTORE

January 02, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As a South Nashville businessman, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital also formed a partnership with the YMCA, offering Y service on the hospital campus to the residents, patients, and employees of South Nashville. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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Sincerely,

Ben Freeland
Freeland Chevrolet

5333 Hickory Hollow Pkwy • Antioch, TN 37013 • www.freelandchevy.com • phone (615) 731-3000

Auto Masters, LLC
4601 Nolensville Rd
Nashville, TN 37211
O: 615-331-8899
F: 615-331-8895

January 2, 2015

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Proposed TriStar Expansion

Dear Ms. Hill:

As the owner of Auto Masters, I fully support the proposed TriStar Southern Hills expansion. Our neighborhoods continue to grow, and quality health care is becoming less accessible. TriStar Southern Hills has been instrumental in the continued growth in South Nashville and has engaged in several strategies to form positive connections with this growing, diverse community. For example, TriStar Southern Hills formed a partnership with Neighborhood Health (formerly United Neighborhood Health Care Services). The hospital offers the clinic an "in-kind" lease agreement and subsidizes the operations of the clinic to ensure primary care services are available to all those in need. To date, TriStar Southern Hills Medical Center is the only hospital in the city broadcasting bi-lingual signage on the exterior of the ER main signage. The hospital continues to form strategic partnerships with local business's to ensure positive growth of health care service offerings to the residents surrounding the hospital.

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Sincerely,

Mark Janbakhsh, CEO
Auto Masters

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

SOUTHERN HILLS SURGERY CENTER

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

JAN M. DANFORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

Signature/Title
CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the 11th day of February, 2015, witness my hand at office in the County of DAVIDSON, State of Tennessee.

NOTARY PUBLIC

My commission expires 7/2/2018, _____.

HF-0043

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954

DATE: February 27, 2015

APPLICANT: Southern Hills Surgery Center
Unaddressed site at the NE corner of intersection
At Old Hickory Blvd. and American General Way
Brentwood, Tennessee 37250

CN1411-047

CONTACT PERSON: John L. Wellborn, Consultant
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, Tennessee 37215

COST: $17,500,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Southern Hills Surgery Center, owned and operated by Surgicare of Southern Hills, seeks Certificate of Need (CON) approval to relocate its ambulatory surgery center (ASTC) from 360 Wallace Road, Nashville, Tennessee, to a leased space in a building to be constructed at an unaddressed site in the northeast corner of Old Hickory Blvd. and American General Way in Brentwood, Tennessee.

The proposed site is within Davidson County, adjoining Old Hickory Boulevard, less than a mile east of the intersection of Old Hickory Boulevard and I-65. This facility will contain three operating rooms and two procedures rooms; the same as the current facility located at Wallace Road. The project involves 18,109 square feet of leased space at a cost of $360 per square feet. The estimated project cost is $17,500,000 and funding will be provided through a cash transfer from HCA Holdings, Inc. The applicant provides documentation of funding availability for the project in Attachment C. Economic Feasibility-2.

Southern Hills Surgery Center is wholly owned by HCA, Inc. through a series of wholly owned HCA subsidiaries. The applicant intends to syndicate the ASTC with physicians at the new location, and if that occurs, the applicant will maintain majority (51% or more) control of the facility.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

NEED:

The 2015 population of Davidson County is 663,151, increasing to 688,318 in 2018; an increase of 3.8%.

Southern Hills Surgery Center (SHSC) proposes to relocate its multi-specialty ASTC 5.5 miles from

its present location to south Nashville close to the Brentwood city boundary. Both the current and proposed sites are within the far southern portion of Davidson County.

This project will not change the ASTC's scope of services nor its surgical capacity. The current facility contains 3 operating rooms and two procedure rooms. The proposed ASTC will be a one-story facility with approximately 18,109 square feet and will have 3 surgical rooms and 2 procedure rooms with shelled-in space for a 4th operating room; all constructed to meet current AIA standards when DOH licensure adopts these standards. In addition, the facility will contain thirteen pre-op and five post-op/recovery stations.

The current ASTC on Wallace Road was approved in 2004 by HSDA and licensed by DOH in 2005. At that time, the building was leased from an unrelated third party. When originally developed, Southern Hills Surgery Center was owned by Southern Hills Surgery Center, L.P., in which Surgicare Southern Hills was the general partner. At that time, surgeons on staff at TriStar Southern Hills Medical Center held partnerships interests. Several years later, the L.P. was dissolved and Surgicare of Southern Hills, Inc. became sole owner and licensee as it is currently.

In mid-2008, the facility ceased to perform significant numbers of cases and its cases were moved back to Southern Hills Medical Center. The facility has not performed cases as an ASTC since that time. TriStar Southern Medical Center has performed its own GI endoscopy cases due to lack of hospital surgical capacity on peak days at the ASTC location. The ASTC license has been in inactive status since 2008 and is subject to annual review by DOH's Licensure Board.

The applicant reports there is now an increased physician presence that was not there in 2008. The active surgical staff has increased and is almost twice as large as before. Inpatient cases are increasing and operating space is in higher demand. The ASTC is a much more attractive choice for surgeons than the former ASTC.

The need for this project is demonstrated by the following improvements that would be created by the approval of the applicant's proposed project.

- Building a newer facility, built to up-to-date design standards and State codes; with larger operating rooms and 18 pre-op and 5 post-op/recovery stations with the same operating complement will provide an increase in the quality of care the patients will receive. In addition, the new facility will have an air changer that will cleanse the ORs 15 times a day.

  The facility will increase the OR room size to 415 square feet of space from the old room size of 340 square feet. The overall facility space will increase from 12,958 to 18,109 square feet.

- Currently, there is no multi-disciplinary ASTC's in the immediate Brentwood area. This area is home to populous, high growth residential and office communities near Brentwood; with portions located in both Davidson and Williamson counties.

- The applicant notes that by moving a large number of cases from the hospital's operating rooms to the ASTC, there will be a cost savings of up to 40% or more for the healthcare system.

- The current facility is leased from an unrelated third party with lease payments of $30,000 per month. HCA's preference is to buy instead of renting real estate and make payments to HCA subsidiaries, thus keeping all revenues within the company.

  The project's service area will remain the same as the current ASTC site. The service area population projections are provided below.

Service Area Total Population Projections for 2015 and 2019

County	2015 Population	2019 Population	% Increase/ (Decrease)
Davidson	663,151	688,318	3.8%
Rutherford	302,237	338,904	12.1%
Williamson	207,872	228,670	10.0%
Total	**1,173,260**	**1,255,892**	**7.0%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision,* Tennessee Department of Health, Division of Health Statistics

In 2008, the last year the ASTC was in operation, the facility performed 1,390 total cases or 556 cases per room. The facility projects 3,170 and 3,602 cases in 2017 and 2018, respectively.

TENNCARE/MEDICARE ACCESS:
The applicant will participate in the Medicare and Medicaid programs and will contract with AmeriCare or BlueCare, United Healthcare Community Plan, and TennCare Select.

The applicant projects a 17.3% or a $4,851,441 Medicare payor mix, 12.1% or $3,393,204 a TennCare payor mix.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY: The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are correct based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Cost Chart is located on page 39 of the application. The total estimated project cost is $17,357,832.

Historical Data Chart: The Historical Data Chart for 2007 is located in Supplemental 1. In 2007, the facility performed 2,519 cases with a net operating loss of ($773,645).

Projected Data Chart: The Projected Data Chart is located on page 43 of the application. The applicant projects 3,170 and 3,602 cases in years one and two, with net operating income of $116,527 and $241,976, each year, respectively.

The applicant provided the average charges, deductions, net charge, and net operating income below.

	CY2017	CY2018
Cases	3,170	3,602
Average Gross Charge Per case	$8,847	$8,980
Average Deduction per case	$7,467	$7,579
Average Net Charge (Net Operating Revenue) per case	$1,380	$1,401
Average Net Operating Income After Expenses, per case	$131	$150

The applicant compared their proposed 2017 charges with the 2013 service area facilities on page 46 of the application. The applicant's charges compare favorably with those of the other facilities in the service area.

The applicant needs a larger space, more current licensing designs, and a reduced lease payment to third parties. There were no other alternatives available to meet these needs.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
Southern Hills Surgery Center has been and will continue to be affiliated with HCA Health Services of Tennessee, the HCA Division office responsible for operations of HCA's hospitals and surgery centers. The applicant will remain specifically affiliated with TriStar Southern Hills Medical Center and with whom they will share the surgical staff.

Southern Hills Surgery Center believes the placing of a new ASTC in a large and growing community will have a positive effect. Moving several thousand cases from the hospital setting will lower reimbursement costs paid by insurers. In addition, the increased accessibility of the new location will allow Southern Hill's surgeons to serve patients at a preferred site.

The applicant states that due to most of the projected ASTC's utilization coming from TriStar Southern Hills Medical Center's own surgical suites, other area facilities should not be adversely affected.

The projected staffing for the project is located on page 52 of the application. The applicant projects 19.0 FTEs in year one and 22.0 FTEs in year two of the project. It is anticipated that most of the staff will be transferring from TriStar Southern Hills Medical Center's own staff.

Southern Hills Surgery Center is not currently involved in the training of students.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities, Medicare and Medicaid certified, and fully accredited by the Accreditation Association for Ambulatory Health Care.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan.*

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

   This criterion is not applicable.

2. For relocation or replacement of an existing licensed health care institution:

   a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

      The applicant looked at renovation but the existing building was not suitable to expand the surgical suites, pre-op, and recovery areas to meet licensure standards. Additionally, the problem of large lease payments to an unrelated third party was a major priority in relocating and building a new facility. The proposed project is the most feasible way of realizing a successful business venture.

   b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

      The applicant submitted letters of support from surgeons who will perform case at the new location. The applicant states these commitments along with the continued population growth in the area, make this project feasible.

3. For renovation or expansions of an existing licensed health care institution:

   a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

   b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

   The above criteria are not applicable.